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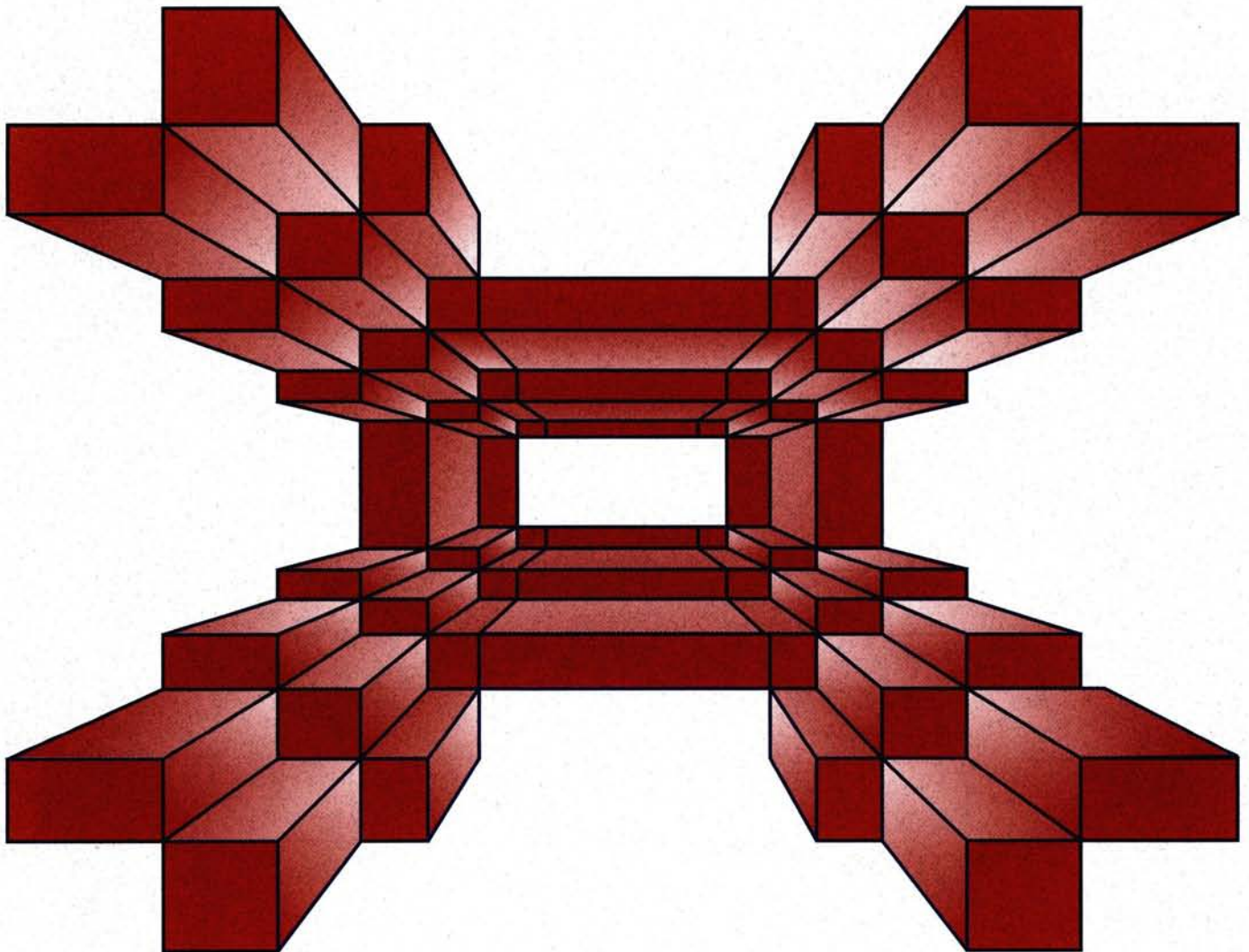
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# BUSINESS OUTLOOK

for West Michigan



# **W.E. UPJOHN INSTITUTE for Employment Research**

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# BUSINESS OUTLOOK

## for West Michigan

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# WEST MICHIGAN VIEWPOINT

## West Michigan Economic Outlook for 2000 and 2001

### NATIONAL SETTING

In February, the current economic expansion entered the history books as the longest on record. Consumers are confident and spending levels are up, fueled in part by robust gains in personal wealth. Aggressive foreign and domestic competition coupled with the increased use of the Internet have kept the lid on price increases for final goods as well as many intermediate (supplier) goods. Continuous investment spending on plant and equipment, especially computers and software, has facilitated substantial gains in labor productivity, despite complaints about the shortage of skilled and unskilled workers. Moreover, manufacturers are keeping their computers focused on inventories to monitor any unexpected fluctuations. Finally, the advent of new capital market instruments, including the infamous stock derivatives, have not only greased financial markets (quickly transforming savings into investment spending) but have also spread out investment risk.

The hardened worrier can still point to several possible potholes in the economic roadway, including the recent jump in gasoline prices, tight labor markets, and the fear of an overvalued stock market. Standard economic theory suggests that like a car's engine, if you run the economy too hot for too long, there is going to be trouble. However, just as the today's 4-cylinder engines can run hotter for longer than the V-8 engines of old, this economy may simply be better equipped to withstand the heat.

Most economic forecasters are predicting that the economy will continue to grow through 2001. Based on several consensus forecasts compiled by the Federal Reserve Banks of Chicago and Philadelphia and the National Association of Business Economists, as well as the annual forecast prepared by the University of Michigan, we are forecasting that the national Gross Domestic Product (GDP) will grow at 3.5 percent in 2000, down from 1999's 4.0 percent pace. In 2001, the economy is expected to grow at a slower but more sustainable 3.2 percent rate.

Auto and light truck sales, obviously a key industry for west Michigan, are forecast to reach 16.4 million units in 2000 and 15.9 million units in 2001. Both years will be good auto years, but they will fall short of the 1999's record-breaking sales volume of 17 million units. Consumer inflation is expected to inch upward, but modestly: 2.6 percent in 2000 and as much as 2.8 percent in 2001. Short-term interest rates may reach 6.25 by year's end, and 30-year fixed

mortgages are forecast to top out at 8.5 percent, dampening residential construction.

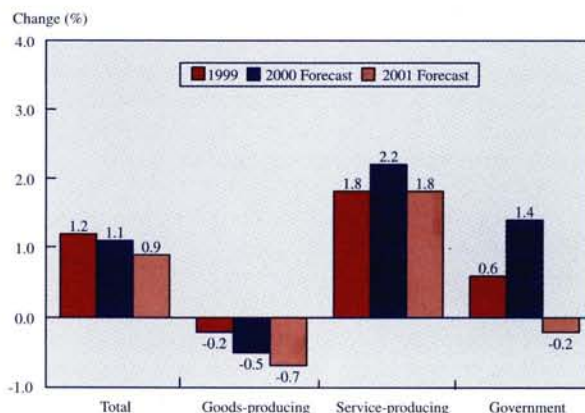
### REVISITING LAST YEAR'S FORECAST

As shown in Table 1, we, like most forecasters, were too timid in our 1999 forecasts. Based on a national forecast calling for GDP to increase by only 3.0 percent, we predicted total employment in west Michigan would increase by 1.7 percent in 1999, when in fact it grew 2.4 percent. Our forecast was too low across all of the region's major economic sectors. While our employment forecast was right on in the Kalamazoo-Battle Creek MSA and reasonably close for the Benton Harbor MSA, it was wide of the mark in the highly dynamic Grand Rapids-Muskegon-Holland MSA; we forecast that employment would grow only 2.1 percent, but it rose a robust 3.3 percent.

### THE STATE OF MICHIGAN

Turning our sights toward 2000 and 2001, we first take into consideration the University of Michigan's employment forecast for the state. As shown in Chart 1, employment in the entire state rose only 1.2 percent in 1999, half of the percentage increase recorded in west Michigan. State-wide, goods-producing employment fell 0.2 percent in 1999, compared with a robust increase of 2.1 percent in west Michigan. The university's forecasters are calling for even slower growth in 2000 and 2001, with deeper declines expected in the state's goods-producing sector. They are forecasting employment in the state's service-producing

Chart 1  
Michigan Employment Forecast



SOURCE: University of Michigan.

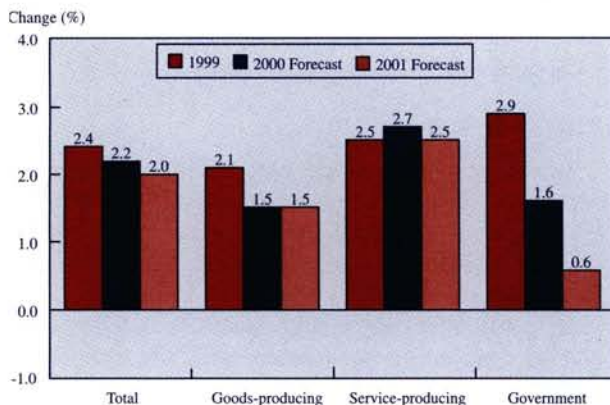


sector to increase by 2.2 percent in 2000, while they expect the hiring of census workers will generate a one-time boost in government employment in 2000.

## WEST MICHIGAN EMPLOYMENT FORECAST

We are calling for employment to grow by 2.2 percent in 2000 in the three metropolitan areas of west Michigan and by a further 2.0 percent in 2001 (Chart 2). Despite the expected decline in employment in the state's goods-producing sector, employment in this sector in west Michigan is forecast to increase by 1.5 percent in both years. We are forecasting employment in the region's larger service-producing sector to increase by 2.7 percent in 2000 and by a slightly lower 2.5 percent in 2001. Finally, even with the one-time increase in employment due to conducting the 2000 Census, we forecast government employment in west Michigan to grow only 1.6 percent in 2000 and by only 0.6 percent in 2001.

**Chart 2**  
**West Michigan Employment Forecast**

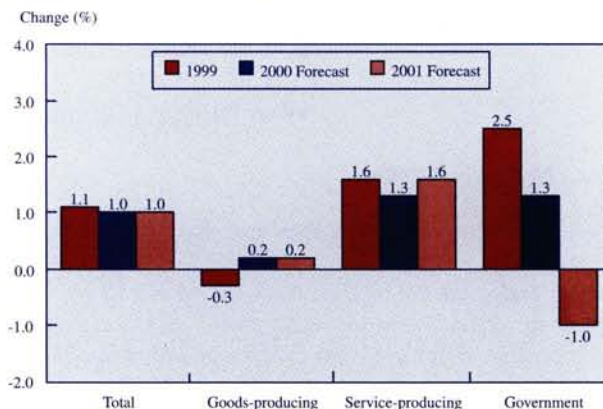


SOURCE: W.E. Upjohn Institute.

We do not expect employment growth to be uniform across west Michigan, however, as shown in Charts 3 through 5. In the smaller Benton Harbor MSA, we expect employment to grow only 1.0 percent in 2000 and 2001, due to flat employment conditions in its goods-producing sector. Employment in the area's service-producing sector will increase between 1.3 percent and 1.6 percent during the two years. Government, boosted again by the 2000 Census, will stay positive in 2000, but will turn negative in 2001, due in large part to expected sluggish population growth.

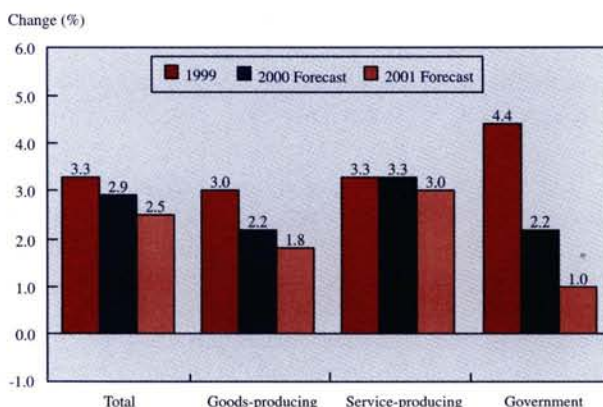
We are calling for more dynamic conditions in the larger Grand Rapids-Muskegon-Holland MSA. Given some of the most competitive auto suppliers in the world, announced hiring by several of the area's larger non-automotive employers such as Howmet and Rapistan, and numerous scheduled construction projects, we expect employment in the area's goods-producing sector to grow 2.2 percent in 2000 and by an additional 1.8 percent in 2001. Expected population growth, increases in the demand for business and

**Chart 3**  
**Benton Harbor Employment Forecast**



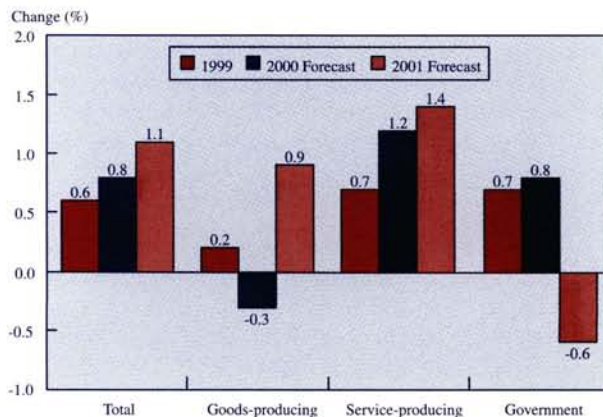
SOURCE: W.E. Upjohn Institute.

**Chart 4**  
**Grand Rapids-Muskegon-Holland MSA Employment Forecast**



SOURCE: W.E. Upjohn Institute

**Chart 5**  
**Kalamazoo-Battle Creek MSA Employment Forecast**



SOURCE: W.E. Upjohn Institute.

professional services from manufacturers, and the area's growing role as a regional distribution center will push employment in its service-producing sector upward as well. While the strong 4.4 percent jump in government employment recorded in 1999 cannot be matched in 2000, even with the hiring of Census workers, employment growth in government will stay positive for both years.

**Table 1**  
**Review of Last Year's Employment Forecast**

	% Change		Error
	Forecast	Actual	
West Michigan			
Total	1.7	2.4	-0.7
Goods-producing	1.3	2.1	-0.8
Service-producing	1.9	2.5	-0.6
Government	1.6	2.9	-1.3
Benton Harbor MSA			
Total	1.4	1.1	0.3
Goods-producing	0.6	-0.3	0.9
Service-producing	1.8	1.6	0.2
Government	1.4	2.5	-1.1
Grand Rapids-Muskegon-Holland MSA			
Total	2.1	3.3	-1.2
Goods-producing	1.8	3.0	-1.2
Service-producing	2.3	3.3	-1.0
Government	2.2	4.4	-2.2
Kalamazoo-Battle Creek MSA			
Total	0.7	0.6	0.1
Goods-producing	-0.1	0.2	-0.3
Service-producing	1.1	1.2	-0.1
Government	0.8	0.7	0.1

Finally, we are forecasting employment in the Kalamazoo-Battle Creek MSA to grow by 0.8 percent in 2000 and by a greater 1.1 percent in 2001. The area's goods-producing sector will start the forecast period absorbing the 500-worker reduction at Kellogg, pushing employment in the sector into negative territory in 2000. However, goods-producing employment in both Battle Creek and Kalamazoo is expected to recover and grow by 0.9 percent in 2001. Employment in the area's service-producing sector is expected to grow due to employment gains in insurance and business services. Moreover, it will be positively impacted in 2001 by the expected opening of a casino in Calhoun County that could employ up to 600 workers. The net impact of the casino will be smaller, as it will draw workers from existing entertainment and eating and drinking establishments, but it will still have a positive impact in 2001. Finally, government employment will increase by 0.8 percent in 2000 with the hiring of Census workers, but then drop into negative territory in 2001.

#### **Final Comments**

It is worrisome that, historically, at the very moment economists start predicting something—for example, that perhaps the business cycle is history (as many are now doing)—they are proven frightfully wrong. All forecasts are risky, and employment forecasts for individual metropolitan areas are among the riskiest of all. Corporate mergers and buyouts are nearly impossible to predict and can have serious impacts on local economies, for example. The major risks associated with this year's forecast are twofold: 1) a stalling of the auto industry and 2) higher-than-expected mortgage rates leveling the nation's housing market. The first is unlikely, as auto companies are expected to offer incentive packages throughout the year that will be hard to refuse. The second would most likely result from the Federal Reserve Bank slamming on the brakes, an unlikely move especially in an election year. In short, 2000 looks like yet another good year.

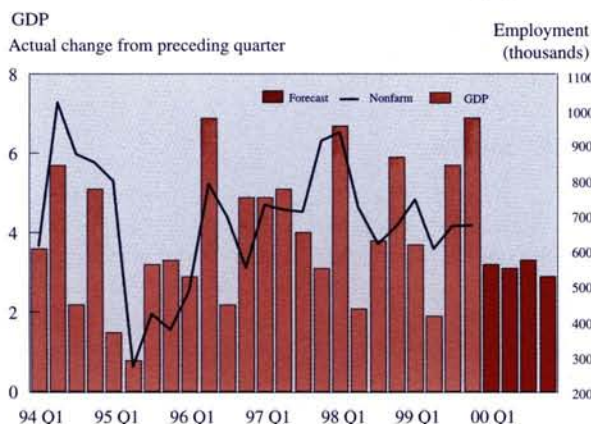


# NATIONAL ECONOMY

## CONTINUED STRONG GROWTH

On the heels of the third quarter's strong 5.7 percent annualized rate of growth, the economy outdid itself again in the fourth quarter by growing at a significantly higher 6.9 percent annual rate. Thus, for the third consecutive year, the nation's Gross Domestic Product (GDP) has grown at or above 4 percent.

### Gross Domestic Product and Nonfarm Employment



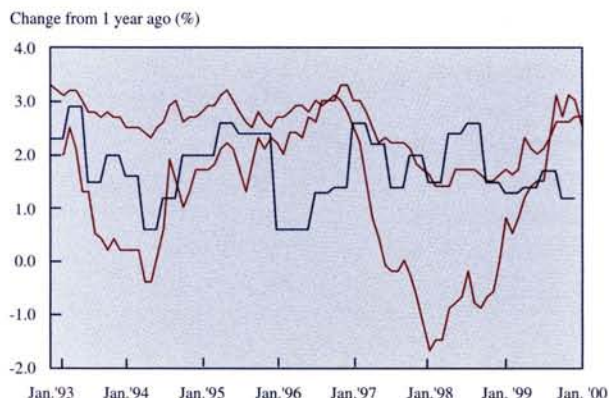
Consumers were flush with cash and spending this holiday season, with personal consumption growing at a 5.9 percent annualized rate in the quarter. Personal income (in current dollars) increased at a 7.2 percent annualized rate in the fourth quarter, topping the previous quarter's increase of 5.2 percent. Household savings rates fell in the quarter. Consumer spending contributed 4.0 percentage points to the overall 6.9 percent increase in GDP. Many shoppers hoisted their Christmas trees onto newly purchased vehicles, as spending on durable goods led all consumer spending, increasing at an 15.0 percent annualized rate. Consumer spending on nondurable goods and services rose at annualized rates of 7.2 percent and 3.8 percent, respectively.

As expected, businesses enlarged their inventories to guard against possible Y2K problems. This stockpiling alone contributed 1.3 percentage points to the quarter's overall growth. Business spending on brick and mortar declined at a 4.3 percent annual rate, but business spending on equipment and software increased at a 4.2 percent annual pace. Business investment dollars spent on information processing equipment and software accounted for 45.5 percent of all equipment purchases in 1999. Dampened by higher interest rates, expenditures on residential construction rose at a modest 1.0 percent annual rate.

International trade was still a drag on growth in the fourth quarter. Exports grew at a very healthy 8.7 percent annual rate, but they could not match the 10.0 percent rate of growth in imports. Not surprisingly, imported consumer goods (excluding autos) grew at an 19.8 percent annual rate during the holiday buying spree. Government expenditures, which have been modest during five previous quarters, grew at a very strong 9.2 percent annual rate, led by a 16.7 percent increase in federal expenditures.

In February, the current economic expansion set the record for the longest expansion in history. The last major hurdle was the Y2K "crisis," which proved to be a non-event. While businesses did enlarge their inventories, the resulting stockpiles pose little threat to slowing production during the first quarter of this year. The composite of leading indicators was up strongly in December, suggesting that economic growth should continue for at least the next few months, and the overriding consensus among economists is that growth should continue through the year.

### Consumer Price Indexes



## STRONG EMPLOYMENT GAINS

With such strong output growth, it is not surprising that employers hired an additional 673,000 workers during the quarter, although manufacturers dropped 41,000 workers. Productivity in manufacturing increased by 6.9 percent in the fourth quarter. For all of 1999, employers created nearly 3 million jobs. In January, employers took on another 387,000 workers, though this was padded by 116,000 new jobs in construction which was aided by unusually warm weather. The unemployment rate in January fell to 4.0 percent, a 30-year low.



## PRICES GIVING MIXED SIGNALS

The big concern with strong output growth and tight labor markets is that they cannot be sustained without rising inflation. Indeed, recent indicators give some cause for concern. The Employment Cost Index was up a sharp 1.1 percent in the fourth quarter. In its most recent survey of purchasing managers, the National Association of Purchasing Management (NAPM) reported that its price index stood at 72.6; any reading above 50 suggests increasing prices.

### Interest Rates

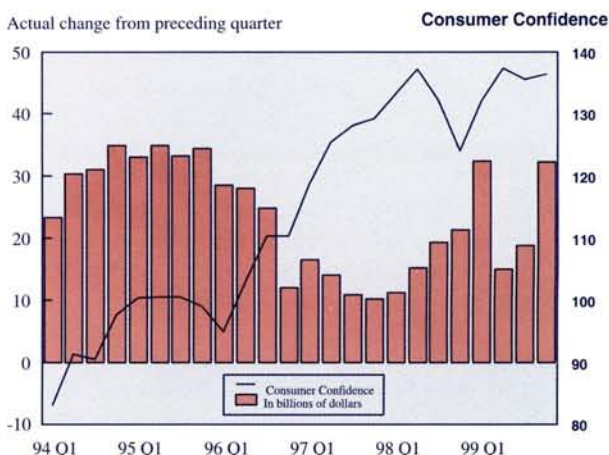


Yet the news is not all bad. Consumer prices were up a relatively modest 2.7 percent for all of 1999, an increase that was strongly driven by sharp increases in fuel prices. The median CPI stood at 2.2 percent for December, still one of the lowest readings ever for that index. Producer prices were up 3.0 for 1999 but again were led mainly by the increases in fuel costs.

The latest productivity report is the best evidence that inflation is still not a problem. Nonfarm productivity was up at an annual rate of 5.0 in the fourth quarter, leading to productivity growth of 2.9 percent for the entire year. Indeed, unit labor costs actually fell at a 1.0 percent annual rate for the fourth quarter.

Even with the glowing productivity report, however, the inflation beast may need to be dealt with in the near future. The speed limits set by most economists—2.8 percent annual growth in GDP and 5.5 percent unemployment—may have been set too low and too high, respectively, in this higher-productivity era. However, 6.9 percent growth in GDP is clearly not sustainable without inflation. Moreover, a 4 percent unemployment rate is low by any standard. Another concern is the global economy. During the past few years, the world economy grew modestly. Now the economies around the world are on the rebound, leading to higher demand and more price pressures.

## Consumer Confidence and Consumer Debt



## THE FEDERAL RESERVE BOARD TAKES ACTION

In December, the Federal Reserve Board (Fed) sat on the sidelines so as not to spook the markets right before Y2K. In fact, one of its major concerns was to make sure enough cash was in the system in case people withdrew large amounts as a hedge against computer-related disruptions. With that concern clearly past, the Fed is back to job number one, fighting inflation. As expected, the Fed in early February raised short-term interest rates a quarter point, a move that may very likely be the first of several this year.

The rate hikes from last year and this year are having some effect. Thirty-year fixed-rate mortgage rates are now around 8.25 percent, over a percentage point higher than a year ago. This has led to a slowdown in the housing market. The problem is that the slowdown is small at this point and it is a slowdown from record highs. Compounding the problem is that, by historical standards, mortgage rates are still low, and with a humming economy it may require higher rates to significantly affect demand. Some analysts believe that rates will have to hit 9 (or even 10) percent before they have an effect.

## CONSUMERS AS CONFIDENT AS EVER

Complicating the Fed's efforts to slow the economy is that consumers have never felt better. In January, the Conference Board's Consumer Price Index reached another record level with a 144.7 reading. It appears most consumers think things are going great today, and that their financial condition is going to get even better in the future. With this level of optimism, it may take a significant shock, if it becomes necessary, to cool down demand.



# THE REGIONAL ECONOMY

## The Great Lakes States

### EMPLOYMENT CONTINUES TO RISE

Total employment rose by 0.8 percent in the five-state Great Lakes region during 1999. Employment growth was divided evenly among the five states, from a 1.0 percent rise in Wisconsin to 0.7 percent gains in Indiana and Ohio.

According to the January issue of the Federal Reserve Bank of Chicago's *Beige Book*, the economy of the Great Lakes region is still expanding at the strong pace experienced during the latter half of 1999. Consumer spending continues to be above expectations; new and existing home sales remain "exceptionally" strong; employers are still having a hard time finding qualified workers; and wages are rising in many areas, especially for entry-level workers.

With auto sales racing at a clearly unsustainable 17.7 million unit annual pace in January, the manufacturing sector is still "generally strong," according to analysts at the Federal Reserve Bank of Chicago. In addition to the region's overheated auto industry, the Federal Reserve Bank

found that manufacturers in housing and construction-related industries are also enjoying strong sales. On the other hand, agricultural equipment and steel producers continue to face lackluster markets.

Still, manufacturing employment in the Great Lakes region fell by 0.7 percent in 1999, with only manufacturers in Indiana adding to their payrolls. Production workers in the region continue to work longer hours than those nationwide. Average hourly earnings rose at a moderate rate, from 3.9 percent in Indiana to only 2.3 percent in Ohio.

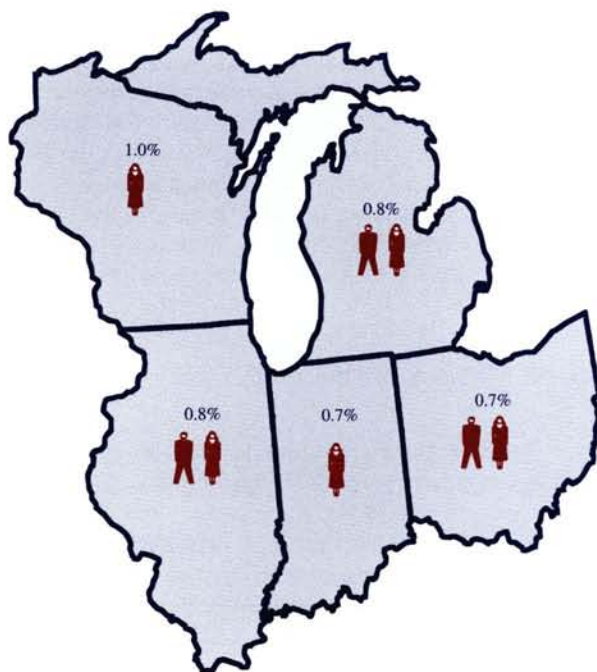
### AUTO SALES ROBUST

January's auto sales were at a tremendous 17.7 million unit pace, fueled by the same factors as last year: strong employment and income growth. In the final quarter of last year, personal income grew at a 7.3 percent annual rate

**Percent Change in Total Employment  
December 1998 to December 1999**



Each figure represents an employment addition of 20,000 workers.



**Manufacturing Employment and Earnings  
(not seasonally adjusted)**

	December 1999	December 1998	Change (%)
<b>ILLINOIS</b>			
Manufacturing employment	967,000	972,500	-0.6
Average weekly hours	42.6	41.9	1.7
Average hourly earnings	\$14.27	\$13.86	3.0
<b>INDIANA</b>			
Manufacturing employment	688,900	686,000	0.4
Average weekly hours	43.3	44.3	-2.3
Average hourly earnings	\$15.53	\$14.95	3.9
<b>MICHIGAN</b>			
Manufacturing employment	958,400	972,700	-1.5
Average weekly hours	45.0	45.3	-0.7
Average hourly earnings	\$18.89	\$18.28	3.3
<b>OHIO</b>			
Manufacturing employment	1,087,000	1,097,000	-0.9
Average weekly hours	44.3	44.0	0.7
Average hourly earnings	\$16.59	\$16.22	2.3
<b>WISCONSIN</b>			
Manufacturing employment	610,000	613,500	-0.6
Average weekly hours	43.0	42.8	0.5
Average hourly earnings	\$14.75	\$14.41	2.4
<b>UNITED STATES</b>			
Manufacturing employment (000)	18,377	18,636	-1.4
Average weekly hours	42.6	42.6	0.0
Average hourly earnings	\$14.22	\$13.69	3.9

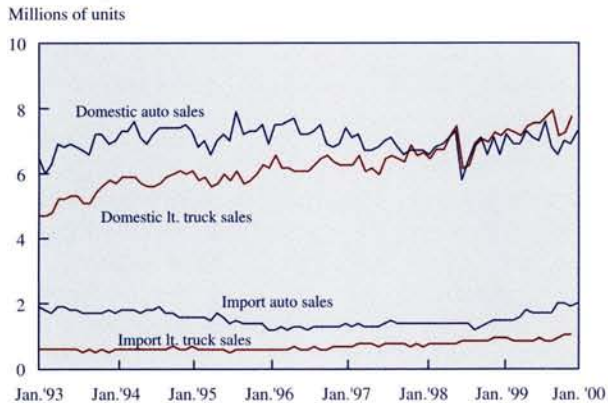
NOTE: December 1999 lists preliminary numbers.



nationwide. In addition, auto companies are posting incentives that are becoming harder to refuse.

However, the curtailment of home refinancing due to rising interest rates has taken a large source of buying power out of the auto market. In addition, rising gas prices may dampen the demand for the bigger, gas-guzzling SUVs; however, most analysts agree that the impact has been slight so far.

### U.S. Auto Sales



Given the growing importance of just-in-time delivery and inventory control, location matters more and more for auto suppliers. Michigan, Ohio, and Illinois remain good locations because the region continues to produce a large share of all autos in the United States. In 1998, Michigan produced 30.9 percent of all autos, which was up from its 29 percent share in 1985. However, the closure by General Motors of its Buick City plant in Flint has likely decreased the state's current share. On the other hand, General Motors is currently building a new auto assembly plant in Lansing which may recapture that lost share upon completion. Illi-

nois produced 11.1 percent of all autos in 1998, nearly doubling its 1985 share of 6.5 percent. Ohio manufacturers produced 18.3 percent of all autos in 1998, compared with only 9.8 percent in 1985. Indiana accounted for 1.9 percent of auto production in 1998.

For the better-selling light trucks (including SUVs), the Great Lakes states do not offer as good a location for suppliers, however. The combined share of Michigan, Illinois, Indiana, and Ohio in light truck production stood at 33.7 percent in 1998, down from 51.6 percent in 1985.

Finally, the industry continues to face cost pressures on all fronts, and the Internet is becoming a very effective tool in lowering prices. In 1998 and 1999, car prices, when controlled for quality, actually fell by 0.6 percent and 0.4 percent, respectively. The Internet is starting to influence the way auto makers sell their vehicles. According to a report in the *Wall Street Journal*, several of the major car makers are considering abandoning their Manufacturer's Suggested Retail Price (MSRP) strategy and simply posting prices on the Internet that are at or near the invoice price of the vehicle. The long-standing MSRP strategy provided dealers with bargaining room when their customers haggled over price; however, more and more Internet sites are offering information on actual invoice prices. The auto makers fear that they may be losing potential customers through these independent Internet sites.

The Internet is also being used to apply pressure on suppliers, as General Motors and Ford are starting to place job orders on the Internet. The move lowers administrative costs and allows the major auto assemblers to squeeze lower prices out of competing suppliers. Currently, both companies are trying to persuade Toyota to join their web site, which would add even more price pressure on suppliers.

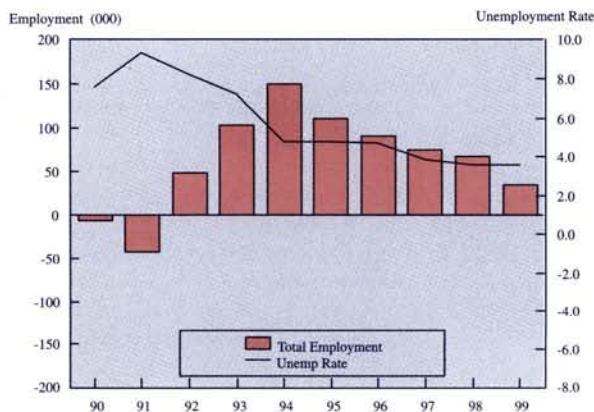


# THE STATE OF MICHIGAN

Employment inched up only 0.1 percent in the fourth quarter of 1999, as employment declines in the state's goods-producing and government sectors nearly offset employment gains in its service-producing sector. Because of its lackluster employment growth, the state's unemployment rate rose slightly to 3.6 percent during the quarter. The state's economic indicators were mixed, suggesting that employment growth may continue to be sluggish in the coming months.

Statewide, employment in goods-producing industry fell 0.7 percent during the fourth quarter. Construction employment, despite declining 0.1 percent in the fourth quarter, rose 2.6 percent during the year. Given that the number of new dwelling units put under contract increased only 0.2 percent for the year, the jump in construction employment was mostly due to nonresidential construction activity.

**Michigan's Employment Change and Unemployment Rate (1990 to present)**



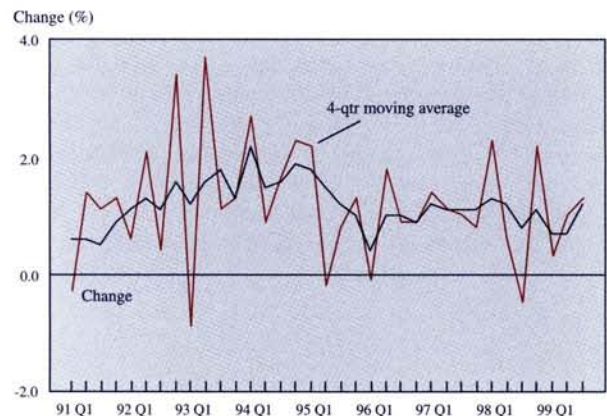
**Retail Activity**



Despite strong auto sales, employment in the state's manufacturing sector fell 0.7 percent in the quarter and by 0.8 percent for the year. Few of the state's manufacturing sectors were immune to the decline. Even employment in the state's transportation equipment industry was down 1.9 percent for the year, due in large part to the late summer shutdown of Buick City in Flint. In addition, employment in the state's non-auto-related industries, such as furniture, printing, paper, food, and apparel, also fell during the year. Still, it is important to note that manufacturing employment outside the state of Michigan fell by 1.6 percent for the year.

Employment in the state's larger service-producing sector rose 0.5 percent during the fourth quarter and by 1.4 percent for the year. Employment gains were reported across all industries during the year and during its final quarter, except for the finance, insurance, and real estate industry, where employment was flat during the final quarter. According to the Michigan Retailers Association, retail sales activity in the latter half of the year partly recovered from an almost year-long decline. However, the rebound in retail activity has not affected hiring decisions.

**Michigan's Personal Income Growth**



The state's unemployment rate ended the year at 3.6 percent, the same rate as it had in the 1998 fourth quarter.

The state economic indices were mixed in the final quarter. Both the Detroit and west Michigan Indexes of Help Wanted Advertising were down, suggesting that employment opportunities in the state's service-producing sector may slow in the coming months. However, the state's Index of Leading Indicators rose by 3.1 percent, suggesting that employment conditions in the goods-producing sector may improve.



**Michigan Statistics**  
(adjusted for seasonal variations)

Measure	1999 Q4	1999 Q3	Percent change Q3 to Q4	1998 Q4	Percent change Q4 to Q4
<b>Employment</b>					
Total employment	4,568,500	4,565,480	0.1	4,534,640	0.7
Goods-producing	1,147,670	1,155,740	-0.7	1,156,800	-0.8
Construction & mining	192,670	192,800	-0.1	187,780	2.6
Manufacturing	955,000	962,940	-0.8	969,030	-1.4
Durable goods	715,150	723,180	-1.1	728,020	-1.8
Nondurable goods	239,850	239,760	0.0	241,010	-0.5
Private service-producing	2,759,850	2,747,320	0.5	2,720,420	1.4
Transportation & pub. utilities	180,490	179,980	0.3	178,820	0.9
Wholesale trade	240,300	239,820	0.2	236,340	1.7
Retail trade	847,970	845,770	0.3	840,110	0.9
Finance, insurance & real estate	210,230	210,270	0.0	209,290	0.4
Services	1,280,860	1,271,490	0.7	1,255,860	2.0
Government	660,980	662,420	-0.2	657,420	0.5
<b>Unemployment</b>					
Number unemployed	184,220	177,010	4.1	184,030	0.1
Unemployment rate	3.6	3.5	3.7	3.6	0.0
<b>State indexes</b>					
Help-wanted ads:					
Detroit	145	152	-4.6	151	-4.0
West Michigan (2 MSAs)	135	140	-3.3	138	-2.2
Leading indicators	120	116	3.1	105	13.9
Local components:					
Average weekly hours	44.0	44.2	-0.4	43.7	0.7
UI initial claims	11,267	11,422	-1.4	13,933	-19.1
New dwelling units <sup>a</sup>	45,312	44,682	1.4	45,213	0.2

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F. W. Dodge Division, McGraw-Hill Information Systems Company, Detroit Help-Wanted Index from The Conference Board, and employment data from the Michigan Employment Agency.

NOTE: Categories may not sum to total due to rounding.

<sup>a</sup>Seasonally adjusted annual rates.

**Michigan Industry Employment Change**  
**Fourth Quarter to Fourth Quarter**  
(unadjusted for seasonal variations)

Industry	1999 Q4	1998 Q4	Percent change	Industry	1999 Q4	1998 Q4	Percent change
<b>Goods-producing</b>	1,163,900	1,173,167	-0.8	Auto dealers & serv. stations	88,500	87,733	0.9
Lumber & wood products	17,833	17,367	2.7	Apparel & accessory stores	37,233	36,900	0.9
Furniture & fixtures	41,000	41,200	-0.5	Home furn. & equip. stores	38,200	36,700	4.1
Primary metals	37,667	38,000	-0.9	Eating & drinking places	300,167	298,867	0.4
Fabricated metals	129,200	131,567	-1.8	Business services	329,633	314,433	4.8
Industrial machinery	129,967	133,467	-2.6	Health services	364,433	370,033	-1.5
Electronic equipment	35,033	34,700	1.0	Private educational services	47,833	46,867	2.1
Transportation equipment	283,533	289,067	-1.9	Social services	93,733	89,400	4.8
Food & kindred products	39,033	39,333	-0.8	<b>Government</b>	684,500	682,267	0.3
Apparel	18,067	19,067	-5.2	Federal government	55,800	57,900	-3.6
Paper & allied products	20,200	20,333	-0.7	State government	177,000	177,500	-0.3
Printing & publishing	43,167	43,567	-0.9	Local government	451,700	446,867	1.1
Plastics & rubber	70,500	69,167	1.9	Local gov't health services	13,167	12,800	2.9
<b>Private service-producing</b>	2,779,200	2,739,267	1.5	Local gov't education	272,667	270,067	1.0
General merchandise stores	142,267	145,600	-2.3				
Food stores	112,000	109,833	2.0				



# WEST MICHIGAN ECONOMY

Total employment rose 0.4 percent in the final quarter of 1999 in the three metropolitan areas of west Michigan. The modest employment gain was due solely to employment gains in the area's service-producing sector. The region's unemployment rate rose to 3.3 percent in the quarter. The area's composite economic indicators were mixed, suggesting that employment growth may continue to be sluggish in the coming months.

## STATE METROPOLITAN AREAS

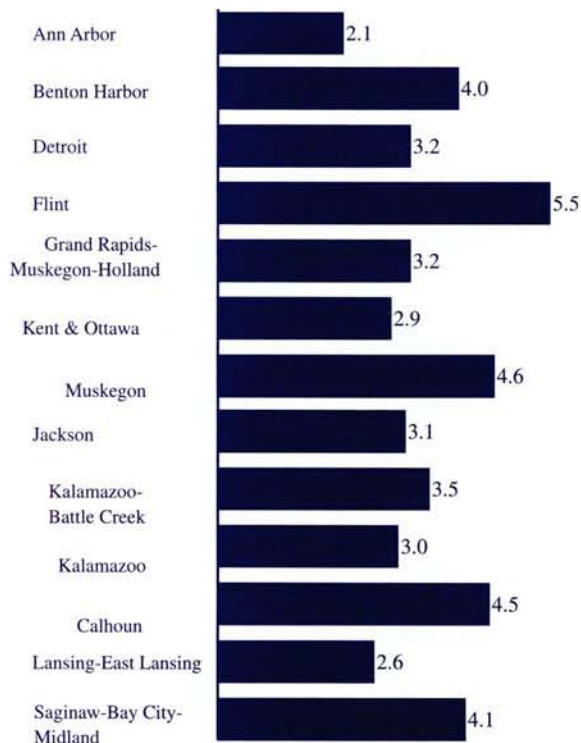
The Grand Rapids-Muskegon-Holland MSA was the best-performing metropolitan area in the state during 1999. The MSA's total employment increased by 3.1 percent for the year; Jackson came in a close second. All of the metropolitan areas except for Flint enjoyed total employment growth. Flint suffered a 3.3 percent decline due to the shut-down of General Motors' Buick City production plant.

Although the Grand Rapids-Muskegon-Holland MSA was the best overall performer in the state, it did not record the lowest unemployment rate. Both the Ann Arbor and Lansing-East Lansing MSAs had lower unemployment rates.

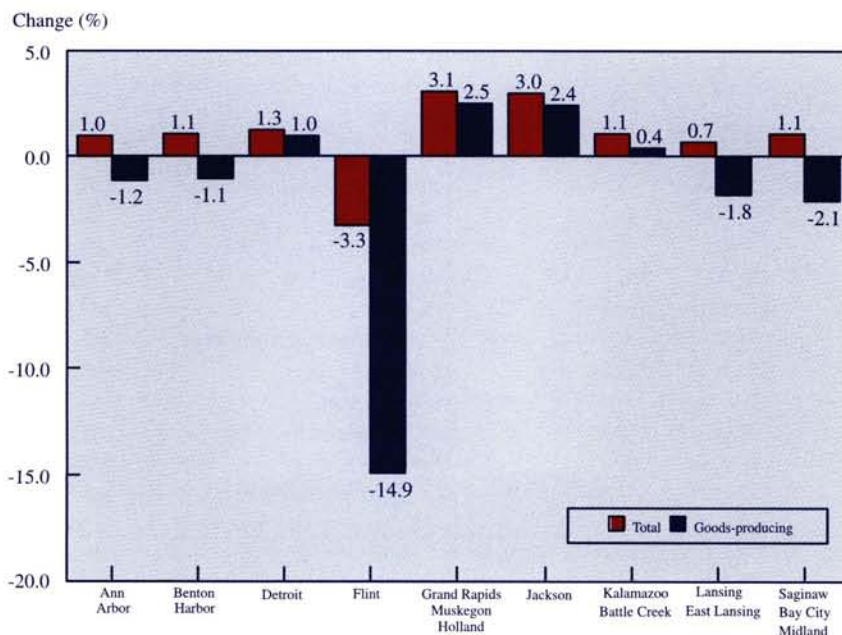
## EMPLOYMENT GROWTH SLOWED

Total employment grew at a 1.2 percent annualized rate in the fourth quarter, below the 2.4 percent rate for all of 1999. The most significant slowdown was in the region's

**Michigan Metropolitan Area  
4th Quarter Unemployment Rates**  
(%, seasonally adjusted)



**Metropolitan Comparison: Percent Change in Employment**  
1998 Q4 to 1999 Q4 (seasonally adjusted)





goods-producing sector: employment remained unchanged in the quarter while expanding 1.8 percent for the year. Employment in construction increased by 4.8 percent for the year, reflecting (in part) a 13.4 percent increase in new dwelling units put under contract. During the fourth quarter, a small 0.1 percent decline in the region's manufacturing industries was enough to swamp a 0.9 percent increase in the construction industry.

### Retail Activity in West Michigan



Employment in the service-producing sector grew at a robust 3.4 percent annualized rate in the fourth quarter, which was above the 2.8 percent increase recorded for the

year. All of the major service-producing industries reported employment gains during the quarter, yet it was the robust Christmas season that pushed employment levels upward. Even after adjusting for expected seasonal hiring, retail trade employment jumped by nearly 2,000 workers, or 1.2 percent during the quarter.

The area's fourth-quarter unemployment rate stood at 3.3 percent, the same rate as the year before. However, the number of unemployed individuals increased by 13.2 percent during the year, reflecting a substantial growth in the area's civilian labor force.

The region's economic indicators were mixed in the fourth quarter. Its composite Index of Help-Wanted Advertising fell 3.6 percent, indicating a possible slowdown in employment growth in the service-producing sector after a robust holiday season. However, the Index of Leading Indicators, which monitors conditions in the area's goods-producing sector, was up 2.6 percent.

One of the overriding factors that is limiting employment growth in the region is the lack of workers. This was again confirmed by a survey of 400 firms conducted by EPIC/MRA in Lansing and funded by Ferris State University-Grand Rapids, which found that 60 percent of west Michigan businesses have difficulty in finding workers, especially in auto manufacturing, health care, furniture, and printers.

## Major Economic Developments

### Battle Creek

The state approved Battle Creek and Kalamazoo's joint Renaissance Zone application. There are five subzones in Kalamazoo County, including the closed General Motors Comstock facility, and four in Battle Creek.

CCC Information Services moved its automotive insurance claims division from Chicago to a temporary home in Battle Creek. Currently employing 57 workers, the company could employ up to 250 workers when it finds a permanent location.

The Nottawaseppi Huron Band of the Potawatomi Indian Nation plans to construct a \$60 million casino in Emmett Township that could employ up to 600 full-time workers.

### Grand Rapids

Georgia-Pacific closed one of its area wallboard plants, eliminating 80 jobs because the plant was uncompetitive.

The 3,700 area workers at the three Delphi plants will be earning \$1,775 each in profit-sharing bonuses, well above last year's \$200.

Behr Industries, an auto supplier of wood interior trim, announced that it will add 340 jobs during the next three years, the result of contracts with DaimlerChrysler.

### Kalamazoo

American Greetings, the Cleveland-based greeting card company, announced that it will create 200 jobs in the \$40 million expansion of its recently purchased Contempo Colours plant.

Flowserve announced that it will expand its Kalamazoo plant, hiring 125 additional workers who will earn an average of \$58,400.

Pharmacia and Upjohn and Monsanto agree to merge. The new company, Pharmacia Corporation, will be headquartered at Pharmacia and Upjohn's current New Jersey headquarters.

Kalamazoo Acquisition LLC is buying the former Gilmore department store in downtown Kalamazoo. It plans to turn the recently closed six-story building into a retail, office, and entertainment complex by next year.

The U.S. Postal Service announced that it is closing its Remote Encoding Center by August of this year, laying off 384 workers.

### Muskegon

The state approved Muskegon and Muskegon Heights' joint application for six tax-free zones accounting for 50 acres under its Renaissance Zone program in the greater Muskegon area.

The Archimedes Group LLC announced plans to construct an 8-story, 56-unit condominium, "Balcom's Cove," on a 2-acre site.

Magna Entertainment Corp. is purchasing the Great Lakes Downs, Muskegon's horse racing track, and will put the Muskegon track in its simulcast package to 162 betting outlets worldwide.



**West Michigan (3 MSAs) Statistics**  
(adjusted for seasonal variations)

Measure	1999 Q4	1999 Q3	Percent change Q3 to Q4	1998 Q4	Percent change Q4 to Q4
<b>Employment</b>					
Total employment	875,730	872,250	0.4	855,580	2.4
Goods-producing	270,950	270,870	0.0	266,230	1.8
Construction & mining	40,520	40,150	0.9	38,680	4.8
Manufacturing	230,430	230,720	-0.1	227,550	1.3
Durable goods	145,600	145,860	-0.2	143,430	1.5
Nondurable goods	84,830	84,860	0.0	84,120	0.8
Private service-producing	504,120	499,970	0.8	490,520	2.8
Transportation & pub. utilities	30,710	30,440	0.9	29,810	3.0
Wholesale trade	49,450	49,200	0.5	47,640	3.8
Retail trade	163,190	161,250	1.2	157,880	3.4
Finance, ins. & real estate	37,600	37,450	0.4	36,680	2.5
Services	223,170	221,620	0.7	218,520	2.1
Government	100,660	101,420	-0.7	98,830	1.9
<b>Unemployment</b>					
Number unemployed	28,140	26,130	7.7	24,850	13.2
Unemployment rate	3.3	3.1	7.8	3.3	0.0
<b>Local indexes</b>					
Help-wanted ads (2 MSAs)	135	140	-3.6	138	-2.2
Leading indicators	118	115	2.6	106	11.3
Average weekly hours	42.6	42.2	0.9	42.2	0.9
UI initial claims	1,587	1,557	1.9	1,611	-1.5
New dwelling units <sup>a</sup>	8,362	8,326	0.4	7,372	13.4

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw Hill Information Systems Company, ad count from the five major daily newspapers, and employment data from the Michigan Employment Agency.

NOTE: Categories may not sum to total due to rounding.

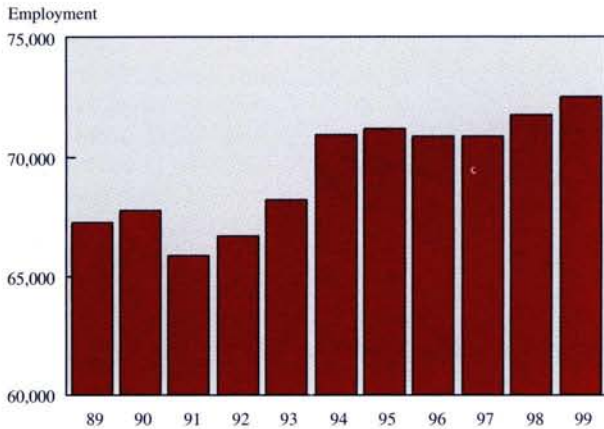
<sup>a</sup>Seasonally adjusted annual rates; does not include Allegan County or Van Buren County.

**West Michigan Industry Employment Change**  
**Fourth Quarter to Fourth Quarter**  
(unadjusted for seasonal variations)

Industry	1999 Q4	1998 Q4	Percent change	Industry	1999 Q4	1998 Q4	Percent change
<b>Goods-producing</b>	272,233	267,967	1.6	<b>Private service-producing</b>	509,067	495,500	2.7
Primary metals	9,767	9,633	1.4	Health services	63,500	62,300	1.9
Fabricated metals	29,867	30,100	-0.8				
Industrial machinery	32,533	31,833	2.2	<b>Government</b>	105,000	103,133	1.8
Food & kindred products	17,367	17,533	-1.0	Federal government	10,100	9,833	2.7
Printing & publishing	10,967	11,000	-0.3	State government	16,900	17,000	-0.6
Plastics & rubber	19,900	18,900	5.3	Local government	78,000	76,300	2.2



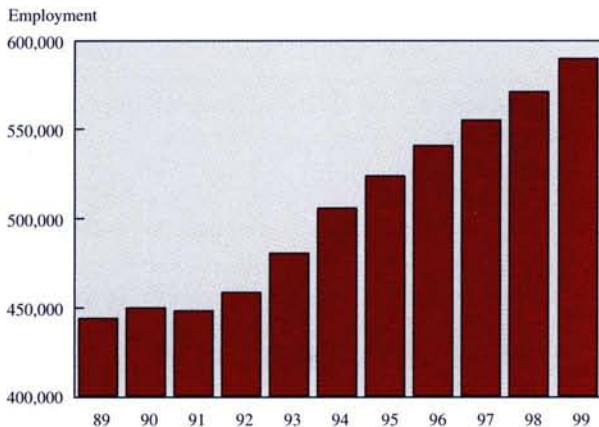
**Benton Harbor MSA**  
**Total Employment**  
**(1989–1999, fourth quarter to fourth quarter)**



#### **Benton Harbor MSA**

Employment in Berrien County rebounded quickly from the 1991 recession before it plateaued from 1994 to 1997. Since 1997, the single-county metropolitan economy has adopted a more moderate rate of growth, increasing by 1.2 percent in 1998 and 0.6 percent in 1999.

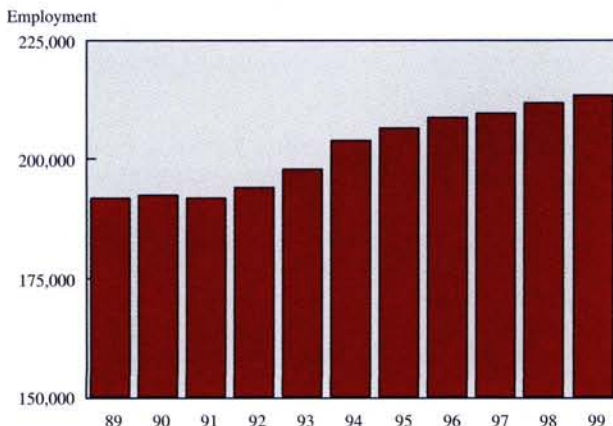
**Grand Rapids-Muskegon-Holland MSA**  
**Total Employment**  
**(1989–1999, fourth quarter to fourth quarter)**



#### **Grand Rapids-Muskegon-Holland MSA**

The four-county Grand Rapids-Muskegon-Holland MSA grew by 29 percent from 1992 to 1999, achieving an average annual rate of growth of 3.7 percent during the period. The most impressive feature of the metropolitan area's growth has been its consistency: it did not experience a single year of disappointing or unsustainable growth during the entire period.

**Kalamazoo-Battle Creek MSA**  
**Total Employment**  
**(1989–1999, fourth quarter to fourth quarter)**



#### **Kalamazoo-Battle Creek MSA**

Employment growth in the three-county Kalamazoo-Battle Creek MSA has slowed in the past several years. From 1991 to 1999, the strongest increase in employment growth occurred in 1994, when employment grew by 3.0 percent. Since then, annual employment increases, which have been hindered by sizable employment reductions among its major companies, have never topped 1.5 percent.

# BENTON HARBOR MSA

Total employment in Berrien County grew by 0.6 percent (an annualized rate of 2.2 percent) during the final quarter of 1999. Despite the moderate increase in employment, the area's unemployment rate rose to 4.0 percent during the quarter. We expect continued moderate employment gains in the first half of 2000.

Total employment increased 1.1 percent for all of 1999 in the Benton Harbor MSA, pushed by solid growth in its service-producing and government sectors. However, employment in its goods-producing sector fell by 1.1 percent during the year, in large part because of a large 5.4 percent drop in construction employment. Indeed, residential construction activity was very strong in 1998, but then dropped off dramatically at the end of 1998 and continued to decline at a more moderate rate through 1999. The fourth-quarter-to-fourth-quarter decline was 14.7 percent. Higher mortgage rates contributed to the moderate decline of residential activity during the year; however, they cannot explain the large plunge at the end of 1998.

Employment in the area's manufacturing industries fell 0.5 percent during 1999. A large 4.2 percent decline in non-durable goods production, caused by employment declines in food products, printing and publishing, and plastics, erased a modest 0.7 percent increase in employment in the

**Benton Harbor  
Labor Market Conditions**

Industry	Average weekly wages		Percent change
	1998 Q4	1997 Q4	
Total	\$576.92	\$610.77	-5.5
Manufacturing	830.46	889.00	-6.6
Retail	274.23	259.23	5.8
Services	437.31	492.31	-11.2
Finance	583.00	742.46	-21.5

production of durable goods. During the final quarter of the year, employment in the area's manufacturing industries inched up 0.1 percent, with employment reductions still continuing in nondurable goods.

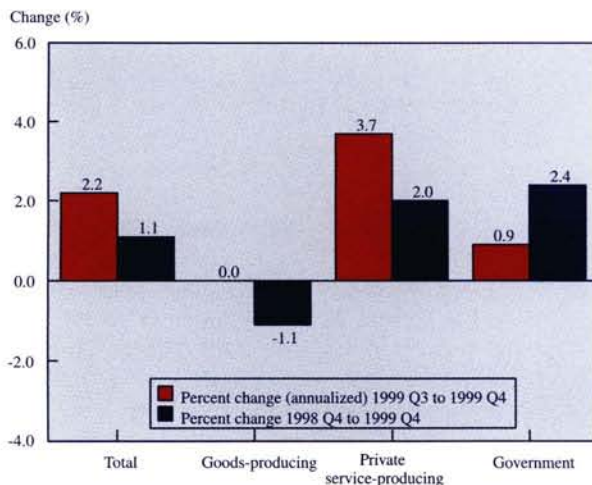
Employment in manufacturing has been stable or declining for the past four years, which is a contributing factor in the lack of wage growth in these industries. In 1998, average weekly wages in manufacturing fell by 6.6 percent.

Employment in the area's service-producing sector rose 0.9 percent (a 3.7 percent annualized rate) during the fourth quarter and by a full 2.0 percent for all of last year. Employment gains in the area's transportation and public utilities, retail, and services industries offset a decline in the troubled finance, insurance and real estate industry (FIRE). FIRE employment dropped by 4.6 percent during the year. The gain in at the area's public utilities industry is partially associated with the restarting of the Cook nuclear power plant. Government employment rose by 0.2 percent in the final quarter; however for the year, employment in the state's education sector, which includes Lake Michigan College, rose a sharp 4.3 percent.

Despite the fact that 400 jobs were created in the fourth quarter, the area's unemployment rate rose to 4.0 percent (which was still below the national rate of 4.1 percent). The combination of 400 new jobs and an increase of 200 unemployed persons clearly suggests that the area's labor force is expanding.

The area's Index of Leading Economic Indicators rose 1.8 percent in the quarter, pointing to further employment gains in the coming months. However, two of the Index's local components regressed during the period: the number of hours logged by production workers was off 1.2 percent, while the number of new unemployment claims was up 12.6 percent.

**Benton Harbor MSA Employment Growth**  
(seasonally adjusted)





**Benton Harbor MSA**  
(adjusted for seasonal variations)

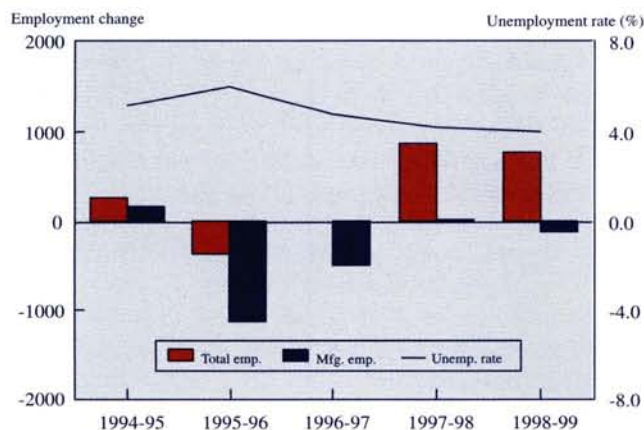
Measure	1999 Q4	1999 Q3	Percent change Q3 to Q4	1998 Q4	Percent change Q4 to Q4
<b>Employment</b>					
Total employment	72,530	72,130	0.6	71,760	1.1
Goods-producing	22,020	22,020	0.0	22,270	-1.1
Private service-producing	41,630	41,250	0.9	40,830	2.0
Government	8,880	8,860	0.2	8,670	2.4
<b>Unemployment</b>					
Number unemployed	3,320	3,120	6.4	3,470	-4.3
Unemployment rate (%)	4.0	3.7	8.1	4.2	-4.8
<b>Local indexes</b>					
Leading indicators	115	113	1.8	102	12.7
Average weekly hours	42.3	42.8	-1.2	41.9	1.0
UI initial claims	179	159	12.6	169	5.9
New dwelling units <sup>a</sup>	469	444	5.7	550	-14.7

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and employment data from the Michigan Employment Agency.

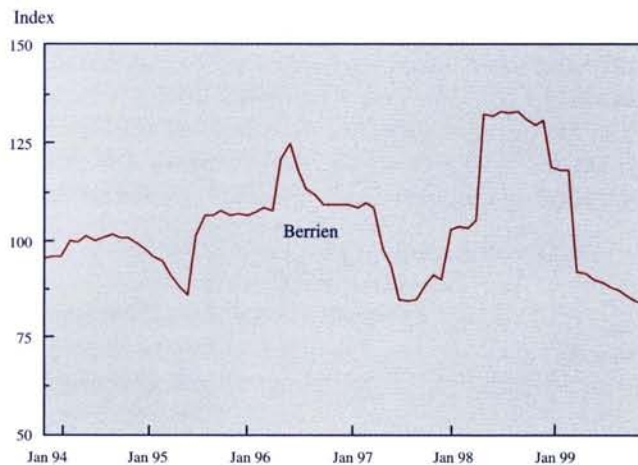
NOTE: Categories may not sum to total due to rounding.

<sup>a</sup>Seasonally adjusted annual rates.

**Area's Annual Unemployment Rate and  
Annual Change in Employment**



**Number of Residential Units Put under Contract  
(12-month running average, 1994=100)**



SOURCE: F.W. Dodge McGraw-Hill Construction Information Group. For more information call 1-800-591-4462.

For more detailed employment information,  
please see the appendix tables on p. 25.



# GRAND RAPIDS-MUSKEGON-HOLLAND MSA

Total employment grew at an annualized 1.8 percent rate in the fourth quarter, below the overall 3.1 percent gain in employment for all of 1999. This robust employment growth was powered by employment gains across all sectors. Still, the area's unemployment rate increased from 2.8 percent to 3.2 percent in the four-quarter period. The area's economic indicators suggest that employment growth in the coming months will continue on a more sustainable pace.

Employment in the four-county area's goods-producing sector grew only 0.1 percent during the final quarter, far off the pace set in the year's previous quarters. Employment in the area's manufacturing sector was flat, while construction employment rose by 1.1 percent. In all of 1999, goods-producing employment increased by 2.5 percent. The year's employment gains in manufacturing were concentrated in the automotive-related industries. Employment in the area's transportation equipment industry increased by 4.6 percent, and employment in the heavily auto-related plastics industry rose by 6.1 percent. Employment in the area's non-auto industry, such as furniture, apparel, and food, was flat or even negative for the year.

Employment in the area's service-producing sector grew at an annualized rate of 3.5 percent in the fourth quarter, matching the fourth-quarter-to-fourth-quarter increase. All major service-producing industries reported employment gains during the quarter. Employment gains recorded among the area's retailers were well above seasonal trends, increasing 1.6 percent on a seasonally adjusted basis. Adding to the quarterly jump in retail sales was the November opening of the RiverTown Crossing shopping mall. On the other hand, government employment fell 0.8 percent during

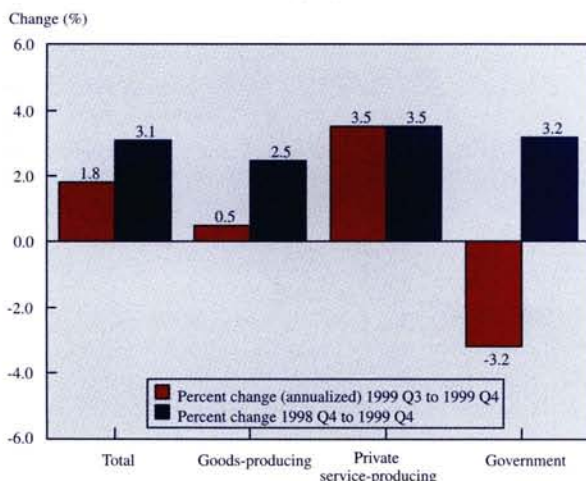
the quarter, countering a growth trend established during the previous three quarters of the year.

According to the Seidman School of Business at Grand Valley State University, businesses in the greater Grand Rapids-Muskegon-Holland region are very confident. In its recent survey, 83 percent of the responding firms were confident about 2000, the highest response ever in the annual survey. However, at the same time, 85 percent said that they do not plan to hire any additional workers.

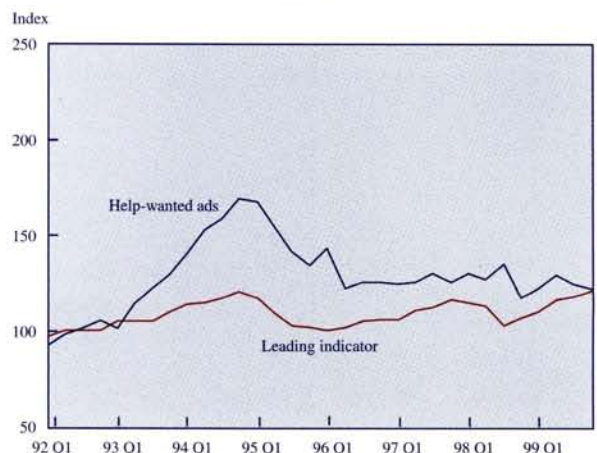
The area's unemployment rate rose to 3.2 percent from 2.8 percent in the previous fourth quarter. However, the area's joblessness rate remains well below the national and state rates. The good news is that the increase in the area's unemployment reflects a growing civilian labor force. On a fourth-quarter-to-fourth quarter basis, the area's labor force increased by 2.3 percent (14,400 persons), while the number of area residents who are employed grew by only 2.1 percent. As a result, the ranks of the area's unemployed residents grew by 14.8 percent. While employers are still having problems finding workers with the right skills, the increase in the number of individuals seeking employment is releasing some of the wage pressure that is building in the area.

The area's economic indicators were mixed during the final quarter of 1999. The area's composite Index of Help-Wanted Advertising was down 1.6 percent, suggesting that employment conditions in the area's service-producing sector may soften in the coming months. However, the area's Index of Leading Indicators, which monitors conditions in the goods-producing sector, rose 2.4 percent.

**Grand Rapids-Muskegon-Holland MSA  
Employment Growth  
(seasonally adjusted)**



**Grand Rapids-Muskegon-Holland MSA  
Employment Indexes  
(1992=100)**



**Grand Rapids-Muskegon-Holland MSA**  
(adjusted for seasonal variations)

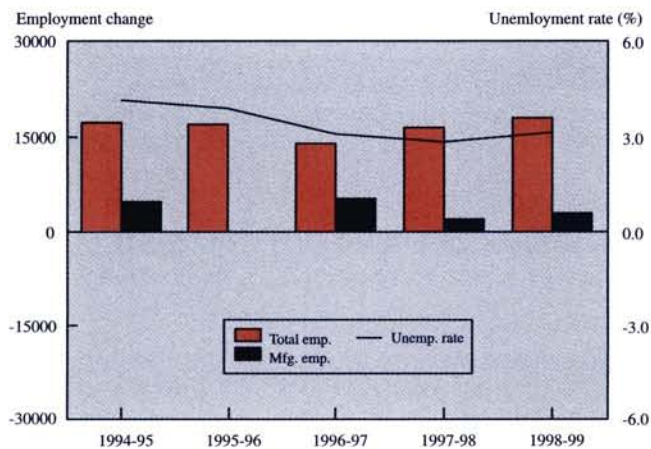
Measure	1999 Q4	1999 Q3	Percent change Q3 to Q4	1998 Q4	Percent change Q4 to Q4
<b>Employment</b>					
Total employment	589,930	587,240	0.5	571,940	3.1
Goods-producing	190,530	190,290	0.1	185,800	2.5
Private service-producing	342,260	339,340	0.9	330,780	3.5
Government	57,150	57,610	-0.8	55,370	3.2
<b>Unemployment</b>					
Number unemployed	19,780	18,130	9.1	17,230	14.8
Unemployment rate (%)	3.2	3.0	8.5	2.8	14.3
<b>Local indexes</b>					
Help-wanted ads	123	125	-1.6	120	2.5
Leading indicators	122	119	2.4	109	11.1
Average weekly hours	42.4	41.7	1.7	42.0	1.0
UI initial claims	876	854	2.6	875	0.1
New dwelling units <sup>a</sup>	5,970	6,045	-1.2	5,491	8.7

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and employment data from the Michigan Employment Agency.

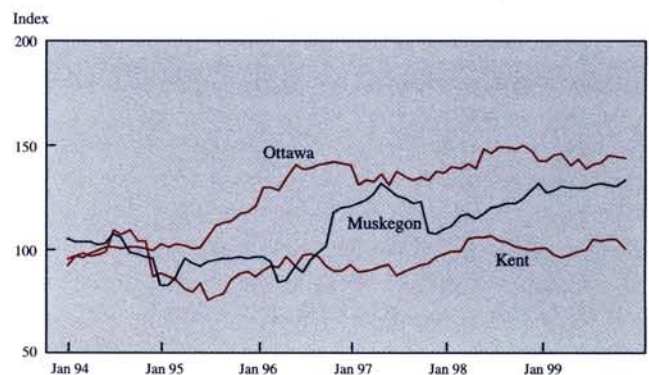
NOTE: Categories may not sum to total due to rounding.

<sup>a</sup>Seasonally adjusted annual rates; does not include Allegan County.

**Area's Annual Unemployment Rate and  
Annual Change in Employment**



**Number of Residential Units Put under Contract  
(12-month running average, 1994=100)**



SOURCE: F.W. Dodge McGraw-Hill Construction Information Group. For more information call 1-800-591-4462.

For more detailed employment information,  
please see the appendix tables on p. 26.



## Grand Rapids-Holland Area (Kent and Ottawa counties)

*The number of employed residents in Kent and Ottawa counties grew by 0.4 percent in the fourth quarter. During 1999, employment by place of residence grew by 2.1 percent, while we estimate that employment by place of work grew by 3.3 percent. The area's unemployment rate stood at 2.9 percent in the fourth quarter. All of the area's economic indicators deteriorated during the quarter, suggesting that employment growth may slow during the first half of 2000.*

Employment in the goods-producing sector rose an estimated 3.2 percent during 1999, and additional employment gains are expected in 2000. Both Behr Industries, an auto supplier, and Rapistan Systems, a maker of material-handling equipment, announced major expansion plans, together generating over 500 jobs over the next several years. On the downside, Georgia-Pacific closed one of its two wallboard plants in the area, eliminating 80 jobs.

The area's service-producing sector is benefiting from the area's robust goods-producing sector through increased consumption expenditures supported by year-end bonuses.

Area workers at the three Delphi plants will be earning \$1,775 each in profit-sharing bonuses. During 1999, employment in the area's service-producing sector is estimated to have grown by 3.2 percent.

The Grand Rapids area unemployment rate inched up to 2.9 percent, which is still well below the national rate. While the area's unemployment rate grew only 0.3 percent during the year, the number of unemployed persons increased by 15.5 percent, which is partially relieving wage pressures.

Although further employment growth in the two-county area is expected in 2000, the new year will begin on a cautious note, according to most of the area's economic indicators. The area's Help-Wanted Index was down 1.6 percent, new claims for unemployment insurance were up 2.8 percent, and the Purchasing Manager Index fell from 64.7 to 52.8. On the other hand, the latest Manpower report showed that a net 17 percent of Grand Rapids employers plan to increase employment in the first quarter of 2000.

## Muskegon Area (Muskegon County)

*Employment among county residents increased 0.6 percent in the fourth quarter and by 1.8 percent for the year. Still, the area's unemployment rate rose to 4.6 percent in the quarter. Although county employment is forecast to grow by 2.1 percent in 2000, the economy may enter the new year without fanfare, according to the latest reading of its economic indicators.*

Employment in the county's goods-producing sector rose an estimated 2.8 percent in 1999. It is expected to increase by another 1.5 percent in 2000 if Sappi continues its pulp mill operation, which employs approximately 120 workers.

Employment is being boosted by the construction of the 10-story Terrace Point Hotel in downtown Muskegon and of the 700,000 square foot Lakes Mall in Fruitport Township near U.S. 31. In addition, more construction jobs will be generated this summer if the Archimedes Group LLC proceeds on its announced plans to build a \$14 million, eight-

story 56-unit condominium, "Balcom's Cove," located on Lake Muskegon.

Employment in the county's service-producing sector rose an estimated 2.6 percent during 1999, while employment in government soared an estimated 4.5 percent.

Still, the area's unemployment rate increased to 4.6 percent in the fourth quarter, with the number of unemployed workers increasing by 8.9 percent. Although the county's unemployment rate remains relatively high, it has not kept a lid on rising wages. From the fourth quarter of 1997 to the fourth quarter of 1998, average weekly wages (including overtime) rose 6.5 percent in Muskegon, compared with 5.8 percent in the Grand Rapids area.

The county's economic indicators deteriorated in the quarter. The Index of Help-Wanted Advertising was down 2.3 percent, and the number of new claims for unemployment insurance was up 2.7 percent. Employment growth may slow in the first quarter of this year.

### Grand Rapids-Holland Area

(adjusted for seasonal variations)

Measure	1999 Q4	1999 Q3	Percent change Q3 to Q4	1998 Q4	Percent change Q4 to Q4
Employment	460,356	458,593	0.4	450,771	2.1
Unemployment	14,038	13,004	8.0	12,158	15.5
Unemployment rate	2.9	2.8	6.5	2.6	12.6
<b>Indicators</b>					
Help-wanted ads	121	123	-1.6	116	4.3
UI claims	579	563	2.8	622	-6.9
New dwelling units <sup>a</sup>	5,011	5,100	-1.7	4,563	9.8
<b>Annual employment</b>	<b>2000 (forecast)</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>
Total employment	492,440	478,320	463,060	450,650	434,910
Goods-producing	152,500	149,070	144,460	141,140	137,560
Service-producing	296,810	287,050	278,220	270,210	259,120
Government	43,130	42,200	40,380	39,300	38,230
<b>Purchasing Management Index</b>	<b>Latest month</b>		<b>Previous month</b>		
	52.8 (February)		64.7 (January)		

NOTE: Figures are seasonally adjusted.

<sup>a</sup>Seasonally adjusted annual rates.

### Muskegon Area

(adjusted for seasonal variations)

Measure	1999 Q4	1999 Q3	Percent change Q3 to Q4	1998 Q4	Percent change Q4 to Q4
Employment	82,802	82,273	0.6	81,366	1.8
Unemployment	4,017	3,690	8.9	3,526	13.9
Unemployment rate	4.6	4.3	7.0	4.1	12.2
<b>Indicators</b>					
Help-wanted ads	130	133	-2.3	141	-7.8
UI claims	300	292	2.7	260	15.2
New dwelling units <sup>a</sup>	967	945	2.3	941	2.8
<b>Annual employment</b>	<b>2000 (forecast)</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>
Total employment	66,620	65,240	63,360	61,890	60,700
Goods-producing	19,220	18,940	18,430	18,000	17,530
Service-producing	36,810	35,910	34,990	34,130	33,390
Government	10,590	10,390	9,940	9,760	9,780

NOTE: Figures are seasonally adjusted.

<sup>a</sup>Seasonally adjusted annual rates.

### Grand Rapids Labor Market Conditions

Industry	Average weekly wages		Percent change
	1998 Q4	1997 Q4	
<b>Total</b>	\$678.07	\$640.64	5.8
Manufacturing	885.16	862.46	2.6
Retail	337.43	314.90	7.2
Services	576.84	528.61	9.1
Finance	783.55	769.93	1.8

### Muskegon Labor Market Conditions

Industry	Average weekly wages		Percent change
	1998 Q4	1997 Q4	
<b>Total</b>	\$608.62	\$571.38	6.5
Manufacturing	831.85	796.85	4.4
Retail	301.00	271.77	10.8
Services	551.15	525.00	5.0
Finance	583.62	557.62	4.7



# KALAMAZOO-BATTLE CREEK MSA

Total employment increased at an annualized rate of 0.7 percent in the final quarter of 1999, matching the annual increase of 0.7 percent for all of 1999. The area's modest employment growth contributed to its slowly rising unemployment rate, which reached 3.5 percent in the final quarter. The fourth-quarter readings of the area's leading economic indicators were mixed, suggesting that employment growth will remain lackluster in the coming months.

Employment in the area's goods-producing sector increased 0.3 percent (annualized rate of 1.2 percent) in the fourth quarter; for the year, it increased by only 0.4 percent, due solely to strong employment gains in the construction industry. The number of new dwellings units put under contract rose nearly 40 percent during the year and by 10.2 percent in the final quarter. Construction activity was highly concentrated in Calhoun County during the year; building activity remained flat in Kalamazoo County.

Employment in manufacturing has been flat for the entire year, which is not surprising given the closing of the General Motors facility in Kalamazoo County, the Collins & Aikens plant in Calhoun County, and the continued reduction of workers at Kellogg. Manufacturing employment received welcome support from the area's plastics producers, who added more than 350 workers during the year.

During the fourth quarter, manufacturing employment remained flat, as gains in employment among manufacturers of durable goods offset declines among nondurable goods producers. The first quarter of this year will most likely be

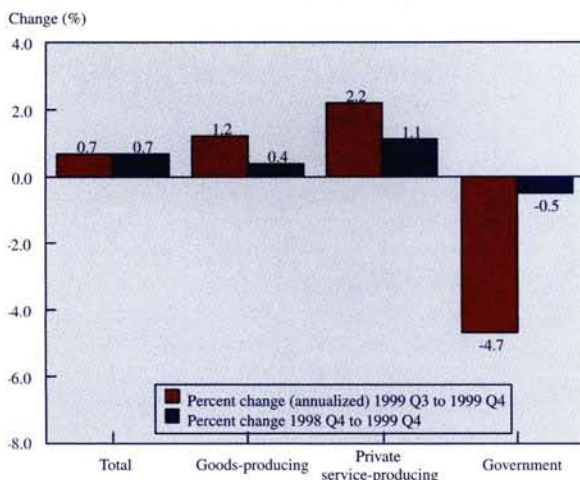
negative, because in January the announced layoff at Kellogg of 500 production workers will be recorded.

Employment in the area's service-producing sector increased at a 2.2 percent annualized rate, outracing the 1.1 percent increase for the entire year. Gains were reported in all the major service-producing industries, including a 0.6 percent increase in the area's troubled financial sector. Unlike other areas in west Michigan, retailer hiring did not stray from the seasonal norms. Employment in retail grew by only 0.2 percent when seasonally adjusted. Finally, government employment fell by 1.2 percent in the quarter, and declined 0.5 percent for the year.

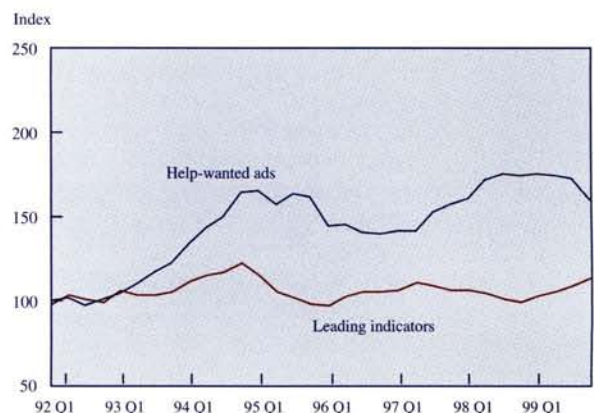
The area's unemployment increased in 1999 from 3.1 percent to 3.5 percent; however, it remains well below national levels. Moreover, many employers still have standing job orders that have been vacant for months. In fact, workforce development is increasingly being tied to economic development. For example, in Battle Creek, Kellogg Community College is providing training for nearly 360 current workers and new hires in five companies located in Calhoun and surrounding counties.

The area's economic indicators were mixed in the quarter. Its Index of Help-Wanted Advertising was down 6.6 percent, indicating a slowdown in employment growth in its service-producing sector. At the same time, the Index of Leading Indicators rose 3.7 percent, suggesting improving conditions in the goods-producing sector. However, given the layoffs at Kellogg, it is likely that employment will be flat during the first quarter of 2000.

**Kalamazoo-Battle Creek MSA**  
**Employment Growth**  
(seasonally adjusted)



**Kalamazoo-Battle Creek MSA**  
**Employment Indexes**  
(1992=100)



**Kalamazoo-Battle Creek MSA**  
(adjusted for seasonal variations)

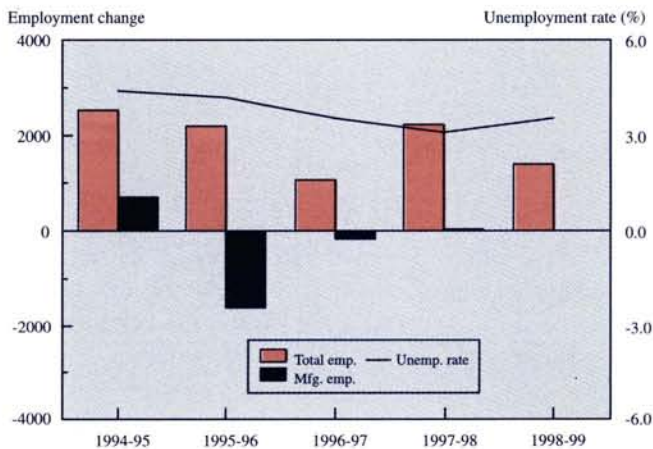
Measure	1999 Q3	1999 Q2	Percent change Q2 to Q3	1998 Q3	Percent change Q3 to Q3
<b>Employment</b>					
Total employment	213,260	212,870	0.2	211,870	0.7
Goods-producing	58,510	58,340	0.3	58,250	0.4
Private service-producing	120,140	119,490	0.5	118,840	1.1
Government	34,620	35,040	-1.2	34,780	-0.5
<b>Unemployment</b>					
Number unemployed	8,250	7,880	4.7	7,260	13.6
Unemployment rate	3.5	3.4	3.3	3.1	11.7
<b>Local indexes</b>					
Help-wanted ads	160	171	-6.6	175	-9.0
Leading indicators	113	109	3.7	99	14.7
Average weekly hours	43.1	43.3	-0.5	43.1	0.0
UI initial claims	534	546	-2.2	570	-6.3
New dwelling units <sup>a</sup>	2,015	1,829	10.2	1,443	39.7

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and employment data from the Michigan Employment Agency.

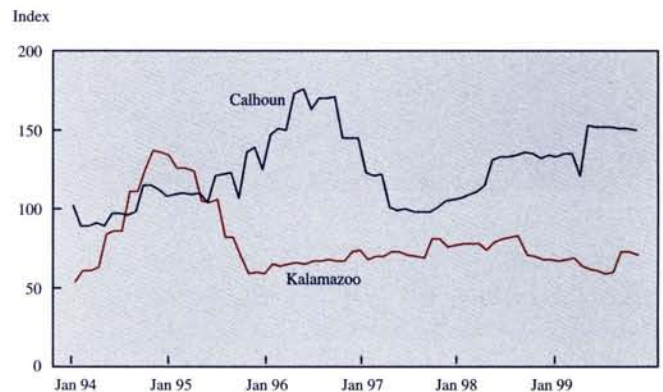
NOTE: Categories may not sum to total due to rounding.

<sup>a</sup>Seasonally adjusted annual rates; does not include Van Buren County.

**Area's Annual Unemployment Rate and  
Annual Change in Employment**



**Number of Residential Units Put under Contract  
(12-month running average, 1994=100)**



SOURCE: F.W. Dodge McGraw-Hill Construction Information Group. For more information call 1-800-591-4462.

For more detailed employment information,  
please see the appendix tables on p. 27.



## Kalamazoo Area (Kalamazoo County)

*The number of employed residents in Kalamazoo County fell by 0.2 percent in the fourth quarter, pushing the county's unemployment up to a still very low 3.0 percent. In 1999, employment in the county increased an estimated 0.2 percent. The fourth-quarter readings of the county's economic indicators were mixed; however, recent announcements suggest improving employment conditions in 2000.*

In 1999, employment in the county's goods-producing sector did not change, but recent announcements are promising. American Greetings, the Cleveland-based greeting card company, announced that it will create 200 jobs over the next three years, and Flowserve said that it will add 125 additional workers to its Kalamazoo plant.

Pharmacia and Upjohn's "merger of equals" with Monsanto will result in a new name, Pharmacia Corporation; however, it may not affect county employment levels. The new company will be headquartered at P&U's current headquarters in Peapack, N.J. With recent sizeable investments

in both research and manufacturing in Kalamazoo, it is reasonable to assume that the company will continue its local operations at current levels at least.

Employment in the county's service-producing sector rose by 0.4 percent in 1999. While its potential economic impact is still unknown, Kalamazoo Acquisitions LLC is buying the former Gilmore department store in downtown Kalamazoo and plans to turn the six-story building into a retail, office, and entertainment complex by next year.

On a down note, the U.S. Postal Service announced that it is closing its Remote Encoding Center by August of this year, laying off 384 workers.

The area's economic indicators were mixed in the fourth quarter. The county's Index of Help-Wanted Advertising was down 5.6 percent, and the recent reading of the Index of Purchasing Managers was down to 51.2. However, the number of new dwelling units put up for contract increased sharply by 50.4 percent.

## Battle Creek Area (Calhoun County)

*The number of employed residents in Calhoun County inched downward by 0.1 percent in the fourth quarter, pushing the county's unemployment rate up to 4.5 percent. The county's economic indicators suggest that local employment conditions may soften even further in the coming months.*

Employment by place of work grew an estimated 0.9 percent during 1999. Employment in the area's goods-producing sector also rose an estimated 0.9 percent, but employment will decline in the first quarter of 2000 due to the announced layoff of approximately 500 production workers at Kellogg's old South Plant, which will be recorded in January. It is reported that less than half of the 500 were awarded early retirement packages but that all employees losing their jobs receive \$52,000 in severance pay.

Employment in the county's larger service-producing sector increased an estimated 0.8 percent during 1999.

CCC Information Services has relocated its automotive insurance claims division to a temporary site in Battle Creek; once in a permanent location, the company could increase its workforce from 57 to 250 workers.

Finally, in a highly controversial development, the Nottawaseppi Huron Band of the Potawatomi announced that they have applied to the federal government for a site in Emmett Township to be designated as reservation land for the construction of a \$60 million casino. It is estimated that the casino could employ up to 600 full-time workers in 2001. However, the net impact may be less because the casino could negatively affect other area recreational establishments.

The county's economic indicators were mixed in the quarter. The Index of Help-Wanted Advertising fell 6.2 percent, and the number of new housing starts tumbled by 40.3 percent.

**Kalamazoo Area**  
(adjusted for seasonal variations)

Measure	1999 Q4	1999 Q3	Percent change Q3 to Q4	1998 Q4	Percent change Q4 to Q4
Employment	123,131	123,353	-0.2	123,332	-0.2
Unemployment	3,729	3,585	4.0	3,344	11.5
Unemployment rate	3.0	2.8	7.1	2.7	13.2
<b>Indicators</b>					
Help-wanted ads	170	180	-5.6	188	-9.6
UI claims	257	264	-2.7	313	-17.9
New dwelling units <sup>a</sup>	1,402	933	50.4	861	62.8
<b>Annual employment</b>	<b>2000 (forecast)</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>
Total employment	123,370	122,220	121,960	120,870	120,620
Goods-producing	31,590	31,560	31,560	31,390	31,730
Service-producing	73,470	72,460	72,190	71,480	70,970
Government	18,330	18,200	18,210	18,010	17,920
<b>Purchasing Management Index</b>	<b>Latest month</b>		<b>Previous month</b>		
	51.2 (February)		61.1 (January)		

NOTE: Figures are seasonally adjusted.

<sup>a</sup>Seasonally adjusted annual rates.

**Battle Creek Area**  
(adjusted for seasonal variations)

Measure	1999 Q4	1999 Q3	Percent change Q3 to Q4	1998 Q4	Percent change Q4 to Q4
Employment	66,189	66,266	-0.1	65,845	0.5
Unemployment	3,088	2,798	10.4	2,408	28.2
Unemployment rate	4.5	4.1	9.8	3.5	28.6
<b>Indicators</b>					
Help-wanted ads	137	146	-6.2	147	-6.8
UI claims	274	281	-2.5	250	9.6
New dwelling units <sup>a</sup>	549	920	-40.3	565	-2.8
<b>Annual employment</b>	<b>2000 (forecast)</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>
Total employment	69,380	69,150	68,560	67,760	67,110
Goods-producing	20,320	20,530	20,350	20,050	20,090
Service-producing	37,180	36,880	36,590	36,230	35,670
Government	11,880	11,750	11,620	11,480	11,350

NOTE: Figures are seasonally adjusted.

<sup>a</sup>Seasonally adjusted annual rates.

**Kalamazoo**  
**Labor Market Conditions**

Industry	Average weekly wages		Percent change
	1998 Q4	1997 Q4	
<b>Total</b>	\$644.23	\$617.46	4.3
Manufacturing	986.69	975.77	1.1
Retail	289.77	265.54	9.1
Services	563.38	545.69	3.2
Finance	689.85	609.85	13.1

**Battle Creek**  
**Labor Market Conditions**

Industry	Average weekly wages		Percent change
	1998 Q4	1997 Q4	
<b>Total</b>	\$612.85	\$614.31	-0.2
Manufacturing	917.46	944.92	-2.9
Retail	278.85	262.23	6.3
Services	497.77	499.46	-0.3
Finance	748.92	782.08	-4.2



# Appendix Tables

**Table A-1**  
**Labor Market Conditions**

Labor market area	Average for manufacturing production workers <sup>a</sup> (December 1999)			Civilian labor force unemployment rate <sup>b</sup>	
	Weekly hours	Hourly earnings	Weekly earnings	October 1999	December 1999
United States	41.6	\$13.44	\$463.68	3.8	3.7
Michigan	45.0	18.89	850.05	3.3	3.2
West Michigan MSAs					
Benton Harbor	43.6	13.34	581.62	3.5	3.3
Grand Rapids-Muskegon-Holland	43.5	15.31	665.99	3.0	2.7
Kalamazoo-Battle Creek	44.0	14.79	650.76	3.4	3.2
Other labor market areas					
Ann Arbor	46.1	20.40	940.44	1.8	1.7
Detroit	46.2	20.57	950.33	2.9	2.7
Flint	46.8	25.55	1,195.74	5.0	4.6
Jackson	43.2	13.33	575.86	2.7	2.8
Lansing-E. Lansing	43.5	20.28	882.18	2.2	2.4
Saginaw-Bay City-Midland	48.1	22.65	1,089.47	3.5	3.5

SOURCE: U.S. Department of Labor and the Michigan Employment Security Agency (most recent benchmark).

<sup>a</sup>Preliminary. Earnings include overtime and part-time wages.

<sup>b</sup>Seasonally adjusted rate for the United States was 4.1 percent in October 1999 and 4.1 percent in December 1999. Seasonally adjusted rate for Michigan was 3.6 percent in October 1999 and 3.5 percent in December 1999.

**Table A-2**  
**Benton Harbor MSA**  
(adjusted for seasonal variations)

Measure	1999 Q4	1999 Q3	Percent change Q3 to Q4	1998 Q4	Percent change Q4 to Q4
<b>Employment</b>					
Total employment	72,530	72,130	0.6	71,760	1.1
Goods-producing	22,020	22,020	0.0	22,270	-1.1
Construction & mining	2,460	2,480	-0.8	2,600	-5.4
Manufacturing	19,560	19,540	0.1	19,660	-0.5
Durable goods	15,000	14,930	0.5	14,900	0.7
Nondurable goods	4,560	4,610	-1.1	4,760	-4.2
Private service-producing	41,630	41,250	0.9	40,830	2.0
Transportation & public utilities	3,150	3,030	4.0	2,890	9.0
Wholesale trade	2,570	2,570	0.0	2,530	1.6
Retail trade	13,810	13,730	0.6	13,530	2.1
Finance, ins., & real estate	2,270	2,320	-2.2	2,380	-4.6
Services	19,820	19,590	1.2	19,500	1.6
Government	8,880	8,860	0.2	8,670	2.4
<b>Unemployment</b>					
Number unemployed	3,320	3,120	6.4	3,470	-4.3
Unemployment rate	4.0	3.7	8.1	4.2	-4.8
<b>Local indexes</b>					
Leading indicators	115	113	1.8	102	12.7
Average weekly hours	42.3	42.8	-1.2	41.9	1.0
UI initial claims	179	159	12.6	169	5.9
New dwelling units <sup>a</sup>	469	444	5.7	550	-14.7

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and data from MESA.

NOTE: Categories may not sum to total due to rounding.

<sup>a</sup>Seasonally adjusted annual rates.

**Benton Harbor MSA**  
**Industry Employment Change, Fourth Quarter to Fourth Quarter**  
(unadjusted for seasonal variation)

Industry	1999 Q4	1998 Q4	Percent change	Industry	1999 Q4	1998 Q4	Percent change
<b>Goods-producing</b>	22,200	22,300	-0.4	<b>Private service-producing</b>	42,167	41,333	2.0
Primary metals	2,200	2,200	0.0	Business services	5,167	4,967	4.0
Fabricated metals	1,300	1,300	0.0	Health services	6,033	6,000	0.6
Industrial machinery	4,700	4,733	-0.7	<b>Government</b>	9,200	8,967	2.6
Food & kindred products	700	800	-12.5	Federal government	400	400	0.0
Printing & publishing	1,400	1,500	-6.7	State government	500	500	0.0
Plastics & rubber	1,900	1,967	-3.4	Local government	8,300	8,067	2.9
				Local government (education)	5,700	5,467	4.3



**Table A-3**  
**Grand Rapids-Muskegon-Holland MSA**  
 (adjusted for seasonal variations)

Measure	1999 Q4	1999 Q3	Percent change Q3 to Q4	1998 Q4	Percent change Q4 to Q4
<b>Employment</b>					
Total employment	589,930	587,240	0.5	571,940	3.1
Goods-producing	190,530	190,290	0.1	185,800	2.5
Construction & mining	29,040	28,730	1.1	27,290	6.4
Manufacturing	161,480	161,550	0.0	158,500	1.9
Durable goods	106,990	107,200	-0.2	105,130	1.8
Nondurable goods	54,490	54,350	0.3	53,380	2.1
Private service-producing	342,260	339,340	0.9	330,780	3.5
Transportation & public utilities	19,920	19,830	0.5	19,510	2.1
Wholesale trade	39,910	39,780	0.3	38,300	4.2
Retail trade	108,790	107,060	1.6	104,300	4.3
Finance, ins., & real estate	25,100	24,980	0.5	23,810	5.4
Services	148,530	147,700	0.6	144,860	2.5
Government	57,150	57,610	-0.8	55,370	3.2
<b>Unemployment</b>					
Number unemployed	19,780	18,130	9.1	17,230	14.8
Unemployment rate	3.2	3.0	8.5	2.8	14.3
<b>Local indexes</b>					
Help-wanted ads	123	125	-1.6	120	2.5
Leading indicators	122	119	2.4	109	11.1
Average weekly hours	42.4	41.7	1.7	42.0	1.0
UI initial claims	876	854	2.6	875	0.1
New dwelling units <sup>a</sup>	5,970	6,045	-1.2	5,491	8.7

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and data from MESA.

NOTE: Categories may not sum to total due to rounding.

<sup>a</sup>Seasonally adjusted annual rates.

**Grand Rapids-Muskegon-Holland MSA**  
**Industry Employment Change, Fourth Quarter to Fourth Quarter**  
 (unadjusted for seasonal variation)

Industry	1999 Q4	1998 Q4	Percent change	Industry	1999 Q4	1998 Q4	Percent change
<b>Goods-producing</b>	191,200	187,100	2.2	Auto dealers & service	10,400	10,100	3.0
Furniture & fixtures	24,600	25,067	-1.9	Eating & drinking places	40,300	37,867	6.4
Primary metals	6,100	6,033	1.1	Depository institutions	7,900	7,667	3.0
Fabricated metals	23,133	22,933	0.9	Business services	38,833	37,933	2.4
Industrial machinery	23,567	22,900	2.9	Health services	40,967	39,767	3.0
Transportation equipment	10,633	10,167	4.6	Educational services	10,433	10,433	0.0
Food & kindred products	10,800	10,767	0.3	Social services	10,600	10,367	2.3
Apparel & other textiles	7,067	7,100	-0.5	<b>Government</b>	59,533	57,700	3.2
Printing & publishing	6,900	6,700	3.0	Federal government	4,667	4,433	5.3
Plastics & rubber	12,200	11,500	6.1	State government	7,500	6,967	7.7
<b>Private service-producing</b>	345,500	334,000	3.4	Local government	47,367	46,300	2.3
General merchandise store	20,133	19,667	2.4	Local government (education)	32,500	31,600	2.8
Food stores	12,500	12,367	1.1				

**Table A-4**  
**Kalamazoo-Battle Creek**  
(adjusted for seasonal variations)

Measure	1999 Q4	1999 Q3	Percent change Q3 to Q4	1998 Q4	Percent change Q4 to Q4
<b>Employment</b>					
Total employment	213,260	212,870	0.2	211,870	0.7
Goods-producing	58,510	58,340	0.3	58,250	0.4
Construction & mining	9,090	8,940	1.7	8,830	2.9
Manufacturing	49,420	49,400	0.0	49,410	0.0
Durable goods	23,640	23,500	0.6	23,430	0.9
Nondurable goods	25,780	25,900	-0.5	25,980	-0.8
Private service-producing	120,140	119,490	0.5	118,840	1.1
Transportation & public utilities	7,650	7,570	1.1	7,420	3.1
Wholesale trade	6,940	6,870	1.0	6,780	2.4
Retail trade	40,570	40,480	0.2	40,040	1.3
Finance, ins., & real estate	10,210	10,150	0.6	10,470	-2.5
Services	54,770	54,420	0.6	54,130	1.2
Government	34,620	35,040	-1.2	34,780	-0.5
<b>Unemployment</b>					
Number unemployed	8,250	7,880	4.7	7,260	13.6
Unemployment rate	3.5	3.4	3.3	3.1	11.7
<b>Local indexes</b>					
Help-wanted ads	160	171	-6.6	175	-9.0
Leading indicators	113	109	3.7	99	14.7
Average weekly hours	43.1	43.3	-0.5	43.1	0.0
UI initial claims	534	546	-2.2	570	-6.3
New dwelling units <sup>a</sup>	2,015	1,829	10.2	1,443	39.7

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and data from MESA.

NOTE: Categories may not sum to total due to rounding.

<sup>a</sup>Seasonally adjusted annual rates.

**Kalamazoo-Battle Creek MSA**  
**Industry Employment Change, Fourth Quarter to Fourth Quarter**  
(unadjusted for seasonal variation)

Industry	1999 Q4	1998 Q4	Percent change	Industry	1999 Q4	1998 Q4	Percent change
<b>Goods-producing</b>	58,833	58,567	0.5	<b>Private service-producing</b>	121,400	120,167	1.0
Primary metals	1,467	1,400	4.8	General merchandise stores	7,100	7,267	-2.3
Fabricated metals	5,433	5,867	-7.4	Auto dealers & service	4,500	4,400	2.3
Industrial machinery	4,267	4,200	1.6	Eating & drinking places	15,767	15,467	1.9
Food & kindred products	5,867	5,967	-1.7	Health services	16,500	16,533	-0.2
Paper & allied products	4,300	4,300	0.0	<b>Government</b>	36,267	36,467	-0.5
Printing & publishing	2,667	2,800	-4.8	Federal government	5,033	5,000	0.7
Chemicals & allied products	6,700	6,700	0.0	State government	8,900	9,533	-6.6
Plastics & rubber	5,800	5,433	6.7	Local government	22,333	21,933	1.8



**Table A-5**  
**Personal Income and Earnings by Industry (current dollars)**

Area	Income distribution	1997	1996	1995	1997	1993	1992	1991
<b>Benton Harbor MSA (Berrien County)</b>	Total personal income (\$ 000)	3,647,064	3,450,616	3,366,130	3,216,355	3,059,863	2,889,236	2,709,792
	Per capita personal income (\$)	22,689	21,415	20,839	19,956	18,962	17,908	16,804
	Earnings per worker (\$)	27,944	26,379	26,289	26,001	26,132	24,286	22,485
	Manufacturing	45,551	41,267	40,569	40,940	41,254	36,384	32,465
	Services <sup>a</sup>	21,872	21,085	20,217	19,605	20,482	19,216	17,540
<b>Grand Rapids- Muskegon-Holland MSA</b>	Total personal income (\$ 000)	25,652,560	24,184,534	22,906,832	21,462,941	19,966,112	18,968,355	17,625,877
	Per capita personal income (\$)	24,960	23,812	22,857	21,700	20,428	19,628	18,454
	Earnings per worker (\$)	30,709	29,642	28,827	28,066	27,039	25,955	24,416
	Manufacturing	45,037	42,782	41,388	40,944	39,109	37,610	35,132
	Services	24,572	24,017	23,305	22,261	21,836	21,194	20,132
Kent County	Total personal income (\$ 000)	14,429,008	13,491,032	12,850,509	12,056,871	11,322,364	10,812,678	9,965,929
	Per capita personal income (\$)	26,648	25,145	24,179	22,956	21,796	21,017	19,629
	Earnings per worker (\$)	31,916	30,811	30,006	29,088	28,041	26,830	25,349
	Manufacturing	47,045	44,219	43,178	42,459	40,402	38,743	36,483
	Services	26,275	26,120	25,300	24,129	23,901	22,996	22,086
Ottawa County	Total personal income (\$ 000)	5,615,799	5,353,943	4,994,491	4,652,698	4,229,057	3,957,410	3,655,287
	Per capita personal income (\$)	25,533	24,858	23,776	22,697	21,058	20,084	18,908
	Earnings per worker (\$)	29,353	28,347	27,190	26,590	25,517	24,640	22,703
	Manufacturing	42,639	41,033	38,393	38,381	37,073	35,367	32,464
	Services	21,219	19,495	18,816	18,076	17,182	17,611	15,985
Muskegon County	Total personal income (\$ 000)	3,321,799	3,158,706	3,021,305	2,847,884	2,671,818	2,564,475	2,444,750
	Per capita personal income (\$)	20,025	19,166	18,464	17,471	16,434	15,852	15,216
	Earnings per worker (\$)	28,808	27,692	27,282	26,664	25,852	24,898	23,313
	Manufacturing	47,446	45,262	44,668	76,589	71,339	39,737	36,130
	Services	23,621	22,509	22,069	20,969	20,250	19,462	18,269
Allegan County	Total personal income (\$ 000)	2,286,126	2,180,853	2,040,527	1,905,488	1,742,873	1,633,792	1,529,911
	Per capita personal income (\$)	22,750	22,044	20,948	19,873	18,443	17,550	16,647
	Earnings per worker (\$)	27,536	26,722	26,030	25,808	24,647	23,766	22,770
	Manufacturing	39,446	38,159	36,994	36,972	34,971	34,506	32,690
	Services	16,657	16,553	16,380	16,189	15,743	14,464	14,084
<b>Kalamazoo-Battle Creek MSA</b>	Total personal income (\$ 000)	10,439,695	10,057,312	9,638,507	9,182,865	8,675,365	8,285,889	7,886,070
	Per capita personal income (\$)	23,481	22,693	21,820	20,845	19,756	19,016	18,238
	Earnings per worker (\$)	29,924	29,315	28,446	27,871	27,135	26,455	25,189
	Manufacturing	52,775	50,483	48,263	47,342	45,661	44,863	42,438
	Services	23,137	22,495	21,955	21,232	20,985	20,077	19,412
Kalamazoo County	Total personal income (\$ 000)	5,899,271	5,755,949	5,484,591	5,181,445	4,907,836	4,675,767	4,483,454
	Per capita personal income (\$)	25,708	25,122	24,043	22,798	21,620	20,737	20,013
	Earnings per worker (\$)	30,230	29,897	28,806	28,041	27,354	26,737	25,630
	Manufacturing	55,635	54,465	50,620	49,182	47,311	46,535	45,329
	Services	24,257	23,746	23,070	22,288	22,057	21,051	20,430
Calhoun County	Total personal income (\$ 000)	3,136,670	2,970,027	2,869,143	2,767,472	2,608,328	2,507,847	2,360,944
	Per capita personal income (\$)	22,453	21,381	20,597	19,844	18,770	18,159	17,203
	Earnings per worker (\$)	31,177	30,144	29,425	29,297	28,397	27,674	26,131
	Manufacturing	53,134	48,968	48,935	48,581	47,095	45,724	41,308
	Services	22,200	21,220	20,953	20,357	20,116	19,408	18,701
Van Buren County	Total personal income (\$ 000)	1,401,754	1,331,336	1,284,773	1,233,948	1,159,201	1,105,275	1,041,672
	Per capita personal income (\$)	18,606	17,716	17,289	16,723	15,845	15,278	14,645
	Earnings per worker (\$)	24,549	23,757	23,479	22,606	22,063	21,115	19,794
	Manufacturing	36,476	33,828	33,148	32,057	30,646	31,170	27,779
	Services	17,108	16,487	15,890	15,311	14,992	14,231	13,660

SOURCE: Bureau of Economic Analysis, 1990 to 1997.

<sup>a</sup>Services do not include trades, finance, or transportation and public utilities.



**Table A-6**  
**Consumer Price Index<sup>a</sup>**  
U.S. city average (1982-84=100)

Annual													
Year	Avg.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>CPI for All Urban Consumers (CPI-U)</b>													
1984	103.9	101.9	102.4	102.6	103.1	103.4	103.7	104.1	104.5	105.0	105.3	105.3	105.3
1985	107.6	105.5	106.0	106.4	106.9	107.3	107.6	107.8	108.0	108.3	108.7	109.0	109.3
1986	109.6	109.6	109.3	108.8	108.6	108.9	109.5	109.5	109.7	110.2	110.3	110.4	110.5
1987	113.6	111.2	111.6	112.1	112.7	113.1	113.5	113.8	114.4	115.0	115.3	115.4	115.4
1988	118.3	115.7	116.0	116.5	117.1	117.5	118.0	118.5	119.0	119.8	120.2	120.3	120.5
1989	124.0	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0	125.6	125.9	126.1
1990	130.7	127.4	128.0	128.7	128.9	129.2	129.9	130.4	131.6	132.7	133.5	133.8	133.8
1991	136.2	134.6	134.8	135.0	135.2	135.6	136.0	136.2	136.6	137.2	137.4	137.8	137.9
1992	140.3	138.1	138.6	139.3	139.5	139.7	140.2	140.5	140.9	141.3	141.8	142.0	141.9
1993	144.5	142.6	143.1	143.6	144.0	144.2	144.4	144.4	144.8	145.1	145.7	145.8	145.8
1994	148.2	146.2	146.7	147.2	147.4	147.5	148.0	148.4	149.0	149.4	149.5	149.7	149.7
1995	152.4	150.3	150.9	151.4	151.9	152.2	152.5	152.5	152.9	153.2	153.7	153.6	153.5
1996	156.9	154.4	154.9	155.7	156.3	156.6	156.7	157.0	157.3	157.8	158.3	158.6	158.6
1997	160.5	159.1	159.6	160.0	160.2	160.1	160.3	160.5	160.8	161.2	161.6	161.5	161.3
1998	163.0	161.6	161.9	162.2	162.5	162.8	163.0	163.2	163.4	163.6	164.0	164.0	163.9
1999	166.6	164.3	164.5	165.0	166.2	166.2	166.2	166.7	167.1	167.9	168.2	168.3	168.3
<b>CPI for Urban Wage Earners and Clerical Workers (CPI-W)</b>													
1984	103.3	101.6	101.8	101.8	102.1	102.5	102.8	103.2	104.2	104.8	104.8	104.7	104.8
1985	106.9	104.9	105.4	105.9	106.3	106.7	107.0	107.1	107.3	107.6	107.9	108.3	108.6
1986	108.6	108.9	108.5	107.9	107.6	107.9	108.4	108.4	108.6	109.1	109.1	109.2	109.3
1987	112.5	110.0	110.5	111.0	111.6	111.9	112.4	112.7	113.3	113.8	114.1	114.3	114.2
1988	117.0	114.5	114.7	115.2	115.7	116.2	116.7	117.2	117.7	118.5	118.9	119.0	119.2
1989	122.6	119.7	120.2	120.8	121.8	122.5	122.8	123.2	123.2	123.6	124.2	124.4	124.6
1990	129.0	125.9	126.4	127.1	127.3	127.5	128.3	128.7	129.9	131.1	131.9	132.2	132.2
1991	134.3	132.8	132.8	133.0	133.3	133.8	134.1	134.3	134.6	135.2	135.4	135.8	135.9
1992	138.2	136.0	136.4	137.0	137.3	137.6	138.1	138.4	138.8	139.1	139.6	139.8	139.8
1993	142.1	140.3	140.7	141.1	141.6	141.9	142.0	142.1	142.4	142.6	143.3	143.4	143.3
1994	145.6	143.6	144.0	144.4	144.7	144.9	145.4	145.8	146.5	146.9	147.0	147.3	147.2
1995	149.8	147.8	148.3	148.7	149.3	149.6	149.9	149.9	150.2	150.6	151.0	150.9	150.9
1996	154.1	151.7	152.2	152.9	153.6	154.0	154.1	154.3	154.5	155.1	155.5	155.9	155.9
1997	157.6	156.3	156.8	157.0	157.2	157.2	157.4	157.5	157.8	158.3	158.5	158.5	158.2
1998	159.7	158.4	158.5	158.7	159.1	159.5	159.7	159.8	160.0	160.2	160.6	160.7	160.7
1999	163.2	161.0	161.1	161.4	162.7	162.8	162.8	163.3	163.8	164.7	165.0	165.1	165.1

SOURCE: Bureau of Labor Statistics, U.S. Department of Labor.

<sup>a</sup>Monthly data are shown above unadjusted for seasonal variations. Unadjusted CPI data are used extensively for escalation purposes. Although the CPI is often called the "Cost-of-Living Index," it measures only price change, which is just one of several important factors affecting living costs. All CPI series are linked historically to the original CPI Index for Urban Wage Earners and Clerical Workers. These series contain no revision but are reprinted for the convenience of the user.

PERCENT CHANGE: Values of these indexes from one time period to another are usually expressed as percent changes rather than changes in index points. Index-point changes are affected by the level of the index in relation to its base period, while percent changes are not. For example:

$$100 \times \frac{(160.5 \text{ (1997 annual avg.)} - 156.9 \text{ (1996 annual avg.)})}{156.9 \text{ (1996 annual avg.)}} = 2.3\% \text{ change 1996 to 1997, CPI-U.}$$

$$100 \times \frac{(164.0 \text{ (November 1998)} - 161.5 \text{ (November 1997)})}{161.5 \text{ (November 1997)}} = 1.5\% \text{ change November 1997 to November 1998, CPI-U.}$$

$$100 \times \frac{(164.0 \text{ (November 1998)} - 164.0 \text{ (October 1998)})}{164.0 \text{ (October 1998)}} = \text{No change, CPI-U.}$$



**Table A-7**  
**Population Update for Selected Areas**

Area	1998	1997	1996	1990	1980	Annual change (%)	
						1990-1998	1980-1990
<b>Michigan</b>	9,817,242	9,779,984	9,733,774	9,310,552	9,262,078	0.7	0.1
<b>West Michigan Metropolitan Areas</b>							
Benton Harbor MSA	160,245	160,745	161,130	161,378	171,276	-0.1	-0.6
Benton Harbor	11,885	11,846	12,035	12,818	14,707	-0.9	-1.4
Niles (part)	11,897	11,753	12,019	12,456	13,115	-0.6	-0.5
St. Joseph	9,264	9,224	9,226	9,214	9,622	0.1	-0.4
Grand Rapids-Muskegon-Holland MSA	1,037,933	1,027,765	1,015,656	937,891	840,824	1.3	1.1
Kent County	545,166	541,458	536,537	500,631	444,506	1.1	1.2
Grand Rapids	185,437	187,100	188,200	189,126	181,843	-0.2	0.4
Kentwood	42,316	42,121	41,780	37,826	30,438	1.4	2.2
Walker	19,813	19,195	18,954	17,279	15,088	1.7	1.4
Wyoming	68,671	68,051	67,301	63,891	59,616	0.9	0.7
Ottawa County	224,357	219,940	215,379	187,768	157,174	2.3	1.8
Grand Haven	11,982	12,045	12,141	11,951	11,763	0.0	0.2
Holland (part)	26,549	26,588	26,706	25,086	26,281	0.7	-0.5
Muskegon County	166,748	165,880	164,806	158,983	157,589	0.6	0.1
Muskegon	39,017	39,372	39,488	39,809	40,823	-0.3	-0.3
Muskegon Heights	12,395	12,477	12,560	13,176	14,611	-0.8	-1.0
Norton Shores	22,919	22,818	22,702	21,755	22,025	0.7	-0.1
Allegan County	101,662	100,487	98,934	90,509	81,555	1.5	1.0
Kalamazoo-Battle Creek MSA	446,331	444,508	443,184	429,453	420,771	0.5	0.2
Kalamazoo County	229,660	229,471	229,123	223,411	212,378	0.3	0.5
Kalamazoo	76,241	77,048	77,747	80,277	79,722	-0.6	0.1
Portage	43,707	43,353	43,267	41,042	38,157	0.8	0.7
Calhoun County	141,005	139,700	138,912	135,982	141,579	0.5	-0.4
Battle Creek	53,496	53,069	52,976	53,516	35,724	0.0	4.1
Marshall	7,328	7,257	7,190	6,941	7,201	0.7	-0.4
Van Buren County	75,666	75,337	75,149	70,060	66,814	1.0	0.5
<b>Total</b>	<b>1,644,509</b>	<b>1,633,018</b>	<b>1,619,970</b>	<b>1,528,722</b>	<b>1,432,871</b>	<b>0.9</b>	<b>0.6</b>
<b>Rural Southwest Michigan</b>							
Barry County	54,535	53,321	53,824	50,057	45,781	1.1	0.9
Branch County	43,634	43,664	42,935	41,502	40,188	0.6	0.3
Cass County	49,693	49,872	49,819	49,477	49,499	0.1	0.0
Newaygo County	45,784	45,051	44,285	38,206	34,917	2.3	0.9
Oceana County	24,833	24,685	24,293	22,455	22,002	1.3	0.2
St. Joseph County	61,226	61,133	60,894	58,913	56,083	0.5	0.5
<b>Total</b>	<b>279,705</b>	<b>278,726</b>	<b>276,050</b>	<b>260,610</b>	<b>248,470</b>	<b>0.9</b>	<b>0.5</b>

SOURCE: State of Michigan Department of Management and Budget and U.S. Bureau of the Census.

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